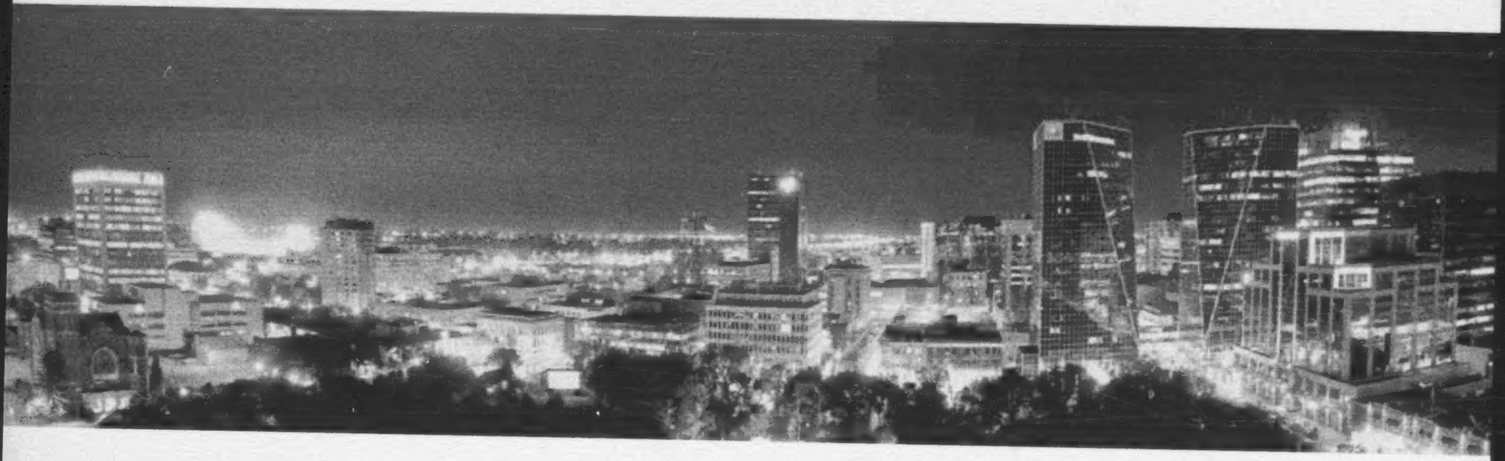
City of Regina

2014 Annual Report



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Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

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Saskatchewan

For its Annual
Financial Report
for the Year Ended

December 31, 2013

Jeffrey L. Esser

Executive Director/CEO

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Message from the City Manager

His Worship, the Mayor
and Members of City Council

I am pleased to submit the City of Regina's 2014 Annual Report, submitted pursuant to Section 155 of The Cities Act. The Report includes consolidated financial statements for the City of Regina as required by the Public Sector Accounting Board (PSAB), financial, statistical and other information about the City of Regina and related entities. The report is intended to provide an understanding of the City and the resources available to it.

The Annual Report consists of the following sections:

Introduction

The introduction familiarizes readers with community, the organization, Council and its Administration. It also includes the City's strategic planning framework and the major highlights of 2014.

City of Regina Performance in 2014

This report describes the City's financial and non-financial performance. It meets the commitment to report on progress in implementing *Design Regina: The Official Community Plan Bylaw 2013-48.* I am proud to say that the City of Regina is adopting best practices by measuring and reporting on both strategic progress and operational performance. In this document, you will begin to see the first measures in a rigorous measurement framework. By the 2015 Annual Report, one year from now, we will include more data about the City's programs and services and begin to report on the City's performance in comparison to other municipalities. I look forward to the evolution of this work as it develops over time.

Financial Statement Discussion and Analysis

This section provides explanations and trend analyses to provide a broader understanding of the financial statements.

Financial Statements

This section includes the Consolidated Financial Statements and the General Trust Fund financial statements.

The preparation and presentation of the financial statements and related information contained in this annual report is the responsibility of the City's Administration. The statements have been prepared on a basis consistent with the recommendations of the PSAB. Included in the consolidated financial statements are those entities that are accountable to and owned or controlled by the City of Regina. These entities include: Regina Public Library, Regina Regional Opportunities Commission, Buffalo Pound Water Administration Board, Regina Exhibition Association Limited (operating as Evraz Place), Regina Downtown Business Improvement District and Regina's Warehouse Business Improvement District.

City Council appointed the accounting firm of Deloitte, LLP to perform an audit of the City's 2014 financial statements. The report is included in this document. The City's system of internal controls helps maintain the integrity of our financial information. The Finance and Administration Committee reviews the external auditor's audit plan, and ensures corrective action is taken for weaknesses identified in the City's internal control system.

As noted, the consolidated financial statements include information on the City's financial position and operating results, along with those of several related entities. The City's operations are typically segmented (General Operating, General Capital, Utility Operating and Utility Capital) for budgeting and reporting purposes. In the financial statements, segment disclosure is also provided by divisional areas.

Based on the consolidated information, the following points are noted for 2014:

The City's (consolidated entity) net asset position decreased in 2014 by $55.9 million to a total of $52.0 million. This is generally attributable to a decrease in net financial assets resulting from increased long term debt and an employee benefit obligation.

Total revenues in 2014 were $680.5 million, an increase of $93.9 million from 2013. Total expenses in 2014 were $533.8 million, an increase of $100.4 million from 2013.

The planning, development and monitoring of the annual operating and capital budgets is a fundamental component of the City's financial administration. For 2014, the City's General Operating Fund ended the year with an operating surplus of approximately $9.7 million. The surplus is determined on a basis consistent with the presentation of the 2014 General Operating Budget before PSAB standards are consolidated and applied.

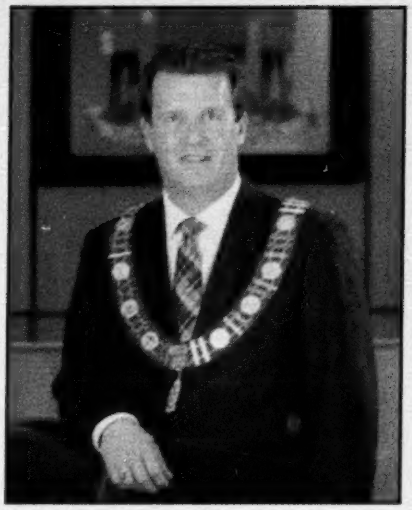
The City's achievements in providing accurate and articulate financial statements were recognized by the Government Finance Officers Association of the United States and Canada (GFOA) for the 22nd consecutive year. GFOA awarded a Canadian Award for Financial Reporting to the City of Regina for its Annual Financial Report for the fiscal year ended December 31, 2013. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. To be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily-readable and efficiently organized annual financial report with content that conforms to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs.

Respectfully submitted,

GDavies

Glen B. Davies
City Manager & Chief Administrative Officer

Message from the Mayor



Dear Regina citizens,

On behalf of my colleagues on City Council, it is my pleasure to present the 2014 City of Regina Annual Report to the citizens of Regina.

This report identifies the City of Regina's extensive accomplishments for the year. It finds us on the edge of the next chapter in our civic story, following several years of unprecedented growth and prosperity in Regina and throughout Saskatchewan.

For many years we have talked about preparing for growth. That growth has arrived, and Regina is widely recognized as a welcoming, caring community. In 2014 we boasted the fourth-highest growth rate in all of Canada, thanks in large part to the highest immigration rate in the country.

As the face of our community changes, Council is also committed to changing – and improving – how the organization does its work. A renewed focus on strategic planning means you can be sure we are getting the absolute best value for your tax dollars. That includes a transition to look at the full life-cycle of our assets, a process that has already proven valuable with our new stadium and Wastewater Treatment Plant projects. This will be followed by a full asset management strategy in the coming years.

We also want to make sure we are in tune with your needs. We will expand and enhance our use of key performance indicators to help ensure we meet our program and service standards year-in and year-out. This will include comparisons to the performance of other Canadian cities. These comparisons will help inform our future choices regarding how we manage our service levels and their resulting cost while ensuring we're doing all we can to be effective and efficient. We have also started work on a new citizen engagement strategy, which we hope to complete in 2015. This will ensure we have a constant and complete dialogue with our citizens when it comes to civic policy.

These efforts stem from Council's desire to be responsible stewards for your tax dollars while creating a vibrant, inclusive, attractive, sustainable community where people live in harmony and thrive in opportunity. I hope you will become involved in this work as well, by attending Council meetings, staying in contact with your Councillor, and engaging with us through social media.

We all have a hand in Regina's future. I look forward to continuing to work together with you in 2015.

Sincerely,

Michael Fougere
Mayor

Vision, Mission & Values

City Council and the administration are committed to meeting our community's goals. In 2013, the City adopted a new Official Community Plan, *Design Regina*. That plan, which outlines the Community's priorities and the policy goals and actions to be achieved over the next 25 years, was based on our Vision and Values and has become the basis for our strategic planning.

Our Vision

Canada's most vibrant, inclusive, attractive, sustainable community, where people live in harmony and thrive in opportunity.

- **Vibrant:** Young people and creative spirits are inspiring dynamic neighbourhoods and an exciting downtown, all of which feature first-rate facilities for health, wellness and artistic expression.
- **Inclusive:** Our community welcomes people. We live the values of respect and trust and celebrate the strength that comes from our diversity.
- **Attractive:** Residents and visitors choose Regina because it's clean, green, lively, friendly, affordable and fun.
- **Sustainable:** People forge a balance between the economic, social, environmental and cultural dimensions of their decisions by serving as stewards of the resources we share and by demonstrating leadership.
- **Harmony:** Empathy and understanding come from, and lead to, being safe in our homes and neighbourhoods; building strong social networks throughout the community creates synergy and sense of belonging.
- **Opportunity:** The entrepreneurial spirit powers Regina as a centre of success where research, innovation and excellence abound.

Our Mission

The City of Regina contributes to its citizens' quality of life by providing services and infrastructure at a level and of a quality that is sustainable.

Our Values

- **Performance Driven & Accountable:** We all demonstrate leadership qualities. We instil a sense of mutual responsibility, open communication and teamwork while being accountable to each other, our community and Council. Our efforts are performance driven and outcome based.
- **Responsive & Respectful:** We cultivate a professional environment by being responsive and respectful in our conduct and interactions. We focus on safety, diversity and mutual respect.
- **Innovative & Creative:** We continuously improve by promoting innovative approaches to our work and how we serve our community and Council. We are creative, purposeful and take measured risks which results in new ways of doing business and being cost effective.
- **Focused on Excellence:** We are results oriented, providing excellent, responsive and accessible service.

City Council

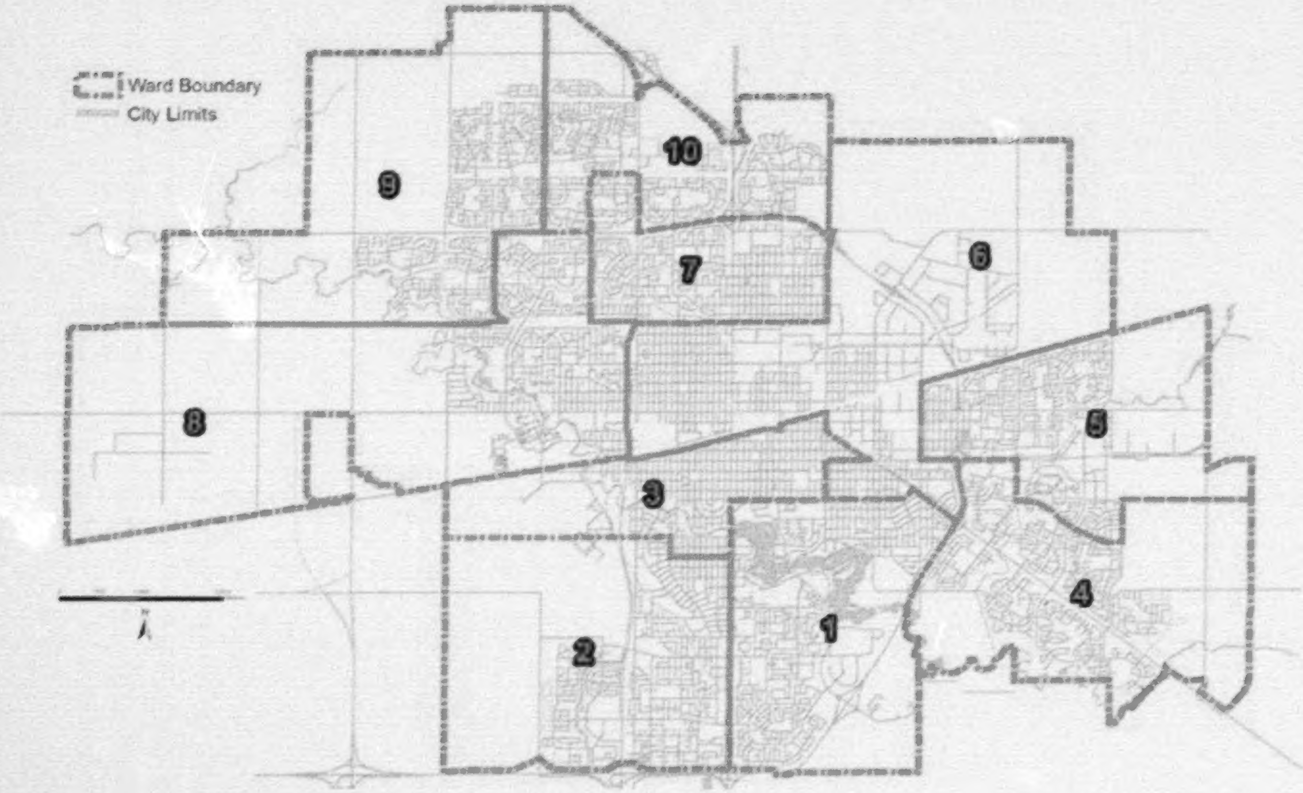
City Council is responsible for the governance of the City of Regina, subject to Provincial legislation. Members of City Council are elected every four years in a municipal election with the last held October 24, 2012. The City of Regina uses a ward system for electing Regina City Council, with the city divided into 10 wards. The Mayor is elected at large and one Councillor elected in each ward. City Council's primary responsibility is to provide policy direction for the operation of the City. Council also sets the long-range service goals, and approves operating and capital budgets.

The Mayor presides at all meetings of City Council and is the ceremonial head of the municipal government. The Mayor and City Clerk are the municipality's symbolic and official signing officers, respectively.

City Council members for the 2012-2016 term are:

***L-R:** Councillor Mike O'Donnell - Ward 8, Councillor Bob Hawkins - Ward 2, Councillor Terry Hincks - Ward 9, Councillor Sharron Bryce - Ward 7, Councillor Bryon Burnett - Ward 4, Mayor Michael Fougere, Councillor Shawn Fraser - Ward 3, Councillor Jerry Flegel - Ward 10, Councillor Wade Murray - Ward 6, Councillor Barbara Young - Ward 1, Councillor John Findura - Ward 5*

Map of Electoral Wards


Ward Boundary
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2

The Environment In Which We Work

Community Profile

From its humble beginnings as a small prairie trading centre serving a mostly rural population at the turn of the 20th century, Regina has evolved into a bustling urban municipality with a robust economy that is envied across Canada.

Today, Saskatchewan's capital has a population of 222,000 and serves a larger metropolitan area of 238,000. Between 2006 and 2011, the city's population increased by more than 14,000, or 7.7 per cent. Perhaps more importantly, the number of young children under the age of five that call Regina home grew by 24 per cent during the same period. In fact, Regina's population is expected to hit 300,000 in just 25 years. Many of those newcomers are expected to be recently-landed immigrants.

Regina has a primarily resource-based economy featuring the oil and gas, potash and agricultural sectors. Companies such as the Co-op Refinery Complex (CRC), the world's first cooperatively-owned refinery; EVRAZ, a vertically-integrated steel, mining and vanadium business; and Viterra, a leading grain and oilseeds marketer and handler, all call Regina home.

The city also boasts the headquarters of provincial Crown utilities SaskEnergy, SaskPower and SaskTel.

In recent years, one of Regina's economic strengths has been the increasing diversification into sectors such as banking and finance, computer and information technology, manufacturing and telecommunications. Combined, they all play a part in having created one of Canada's strongest economies over the last five years, featuring strong growth in gross domestic product (GDP), low unemployment and rising personal income levels.

While the intense pace of Regina's growth is expected to level off in the coming years, the city's economic prospects remain strong (Figure 1).

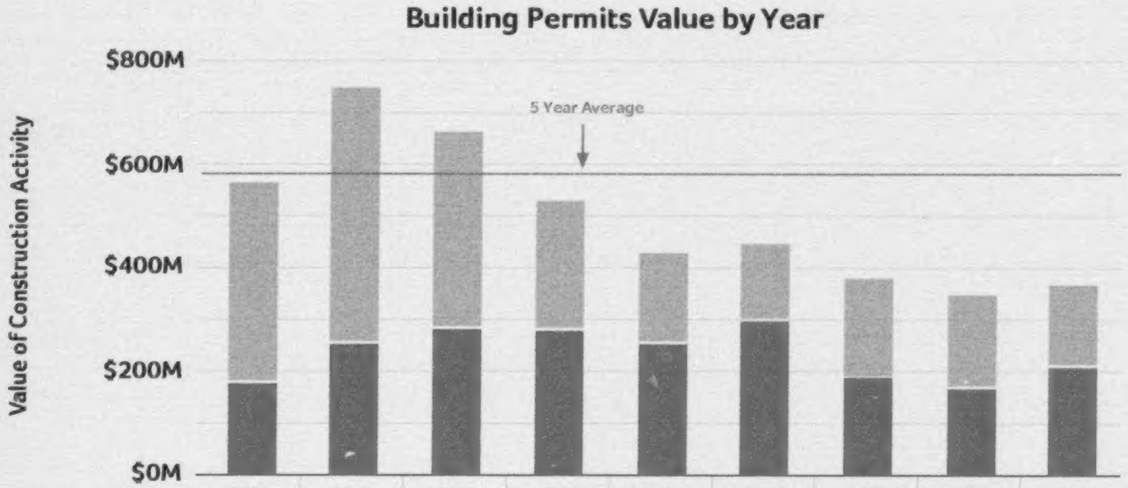
Economic Indicators	2012	2013	2014	2015f	2016f	2017f	2018f	2019f
Real GDP at basic prices (2007 $ millions)	12,802	13,495	14,086	14,501	14,853	15,161	15,435	15,748
percentage change	*4.9*	*5.4*	*4.4*	*2.9*	*2.4*	*2.1*	*1.8*	*2.0*
Total employment (000s)	126	134	134	137	141	144	146	148
percentage change	*2.7*	*5.9*	*0.5*	*2.2*	*2.8*	*1.9*	*1.6*	*1.5*
Unemployment rate (per cent)	4.1	3.6	3.4	3.6	3.8	3.9	3.9	4.0
Personal Income per capita ($)	45,891	47,768	48,041	49,487	50,835	52,007	53,070	54,252
percentage change	*1.2*	*4.1*	*0.6*	*3.0*	*2.7*	*2.3*	*2.0*	*2.2*
Population (000s)	225	232	238	244	250	256	261	266
percentage change	*3.4*	*3.1*	*2.7*	*2.4*	*2.4*	*2.2*	*2.1*	*1.9*
Total housing starts	3,093	3,122	2,234	2,234	2,286	2,169	1,968	1,927
Retail sales ($ millions)	4,983	5,201	5,575	5,786	6,005	6,454	6,454	6,675
percentage change	*6.2*	*5.5*	*7.2*	*3.8*	*3.8*	*3.8*	*3.5*	*3.4*
CPI (2002=1.0)	1.246	1.267	1.298	1.322	1.349	1.376	1.405	1.434
percentage change	*1.8*	*1.7*	*2.4*	*1.8*	*2.1*	*2.1*	*2.1*	*2.1*

f=forecast

Sources: Statistics Canada; CMHC Housing Time Series Database; the Conference Board of Canada

FIGURE 1: CONFERENCE BOARD OF CANADA WINTER 2015 METROPOLITAN OUTLOOK FOR REGINA

One of Regina's economic highlights is the construction sector, in which building permits reached an all-time high in 2012 and continue to perform at the five-year average (Figure 2).



	2014	2013	2012	2011	2010	2009	2008	2007	2006
▨ $ Residential	$385M	$488M	$367M	$246M	$178M	$140M	$171M	$175M	$152M
■ $ Commercial	$188M	$256M	$292M	$283M	$251M	$302M	$199M	$173M	$208M

FIGURE 2: CITY OF REGINA BUILDING PERMITS (2006-2014)

It might appear that Regina's success is driven by Saskatchewan's booming economy, but an examination of virtually every important metric shows the capital city is outperforming the province. Indeed, a 2006 report from the Conference Board of Canada found that urban economies drove the economic success of the surrounding areas. In 2013, Regina and Saskatoon accounted for more than half (52 per cent) of Saskatchewan's GDP (Figure 3).

	Demographics	
Regina		Saskatchewan
193,100	Population in 2011	1,033,381
7.7%	Population Growth Rate per cent change 2006-2011	6.7%
11.5%	Visible Minority Population 2011	6.3%
2:1	Working Age Population as a Ratio of non-Working Age Population	1.7:1
51.5%	Post-secondary education as a per cent of Population	47.2%
	Local Economy	
Regina		Saskatchewan
3.3%	Unemployment Rate Dec, 2014	3.6%
$91,200	Median Household Income July 2012	$80,010
	Employment by Sector	
Regina		Saskatchewan
20.2%	Goods Producing Sectors (including Agriculture)	29.5%
31.5%	Service Sector	25.8%
7.4%	Professional Services	4.9%
26.8%	Public Sector	24.9%

FIGURE 3: COMPARISON OF REGINA TO SASKATCHEWAN ON KEY INDICATORS.

Organization Profile

The City of Regina delivers the majority of essential public services, which affects the day-to-day lives of its residents. These services include:

- Public safety and security
  - Policing
  - Fire protection
  - Construction permitting and inspection
  - Bylaw enforcement
- Public health and well-being
  - Water treatment and distribution
  - Drainage and flood management
  - Wastewater collection and treatment
- Movement of goods and people
  - Roads and bridges (including winter road maintenance)
  - Transit
  - Traffic control
- Quality of life
  - Urban planning and development oversight
  - Parks
  - Recreation services (including a wide range of indoor and outdoor public facilities)
  - Grants to community service organizations

The City is able to provide these services thanks to a range of revenue sources. While about half of its revenue comes from property taxes, the City also charges user fees, secures grants from other levels of government, and collects revenues from a variety of smaller sources.

The City delivers its services in a variety of ways, led by approximately 2,000 permanent employees. Casual and part-time workers account for another 700 full-time positions. Many services such as sport, culture and recreation programs are delivered in partnership with community organizations, while others, such as Paratransit and the Wastewater Treatment Plant, are delivered through contracts with private businesses.

The City's organizational structure is designed to strengthen corporate planning and coordinate service delivery across all service areas. All operational services report through a single structure to ensure planning and decision-making is coordinated and aligned and the accountability for results is clear (Figure 4).

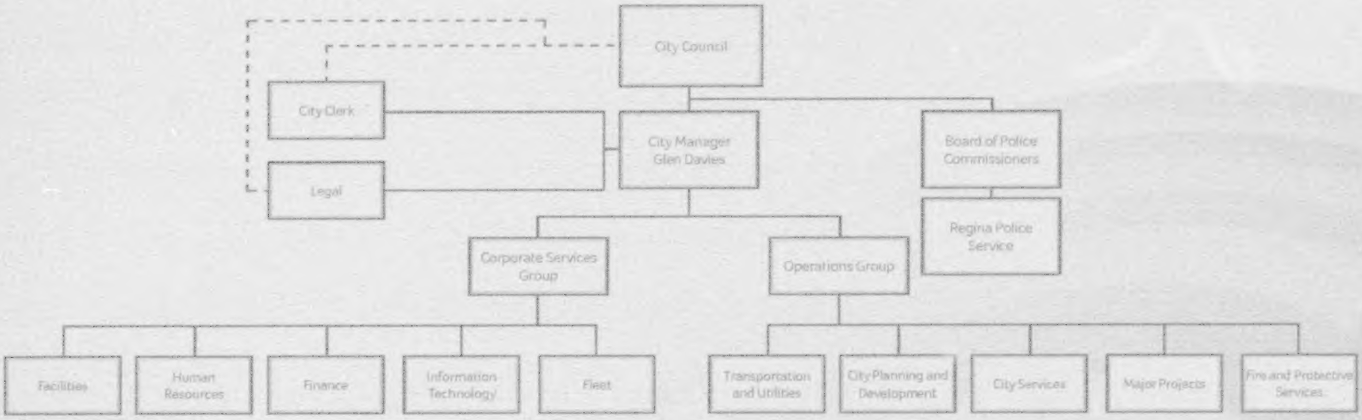

City Council
City Clerk
Legal
City Manager Glen Davies
Board of Police Commissioners
Regina Police Service
Corporate Services Group
Operations Group
Facilities
Human Resources
Finance
Information Technology
Fleet
Transportation and Utilities
City Planning and Development
City Services
Major Projects
Fire and Protective Services

FIGURE 4: CITY OF REGINA ORGANIZATION STRUCTURE (2014)

Strategic Context

Saskatchewan continues to enjoy a prolonged period of economic growth. The prosperous provincial economy and low unemployment rate are both boosting salaries and supporting a thriving service industry.

The GDP growth, however, has created some significant challenges – albeit enviable ones – for City decision makers. Regina's unemployment rate of 3.3 per cent in December 2014 was the lowest of any major city in Canada and half of the 6.6 per cent national average. The employment crunch has increased the need to recruit new workers to the community, which in turn puts pressure on the residential housing market. Indeed, Regina's apartment vacancy rate two years ago dipped down to one per cent, raising the possibility that the city's economic growth could be slowed by its relative inability to provide housing to the very workers generating that growth.

In response, the City launched the Mayor's Housing Commission and created a new comprehensive housing policy, which combined to significantly reduce the pressure on accommodations. In fact, Regina's rental vacancy rate by October 2014 had tripled from 2012 to three per cent, achieving the target vacancy rate established by the Housing Commission.

The economic growth presented some operational challenges as well as some opportunities. On one hand, the low unemployment rate and competitiveness of the current labour market has made Regina a hub of highly-skilled trades people who are in demand by new and expanding business across the province.

On the other hand, the demographics of City of Regina employees show that a large proportion of them are due to retire in the next few years. To ensure that service needs will continue to be met once they leave the workforce, the City is focusing efforts today on succession planning and improved strategies to attract and retain employees.

One of the organization's biggest challenges is that its costs are rising faster than its revenues. This is due to a number of factors, including rapid inflation of construction materials costs, property taxes which do not grow in line with the economy, unlike sales taxes and income taxes do, as well as decreased investment in capital infrastructure from the provincial and federal governments.

Compounding the situation is the pressing need for more infrastructure. The excess capacity that was built in the 1970s has now been used and significant new investment will be required for Regina to continue on its current growth pattern.

Another result from the economic prosperity is that demand for City services is greater than the capacity to deliver them.

Historically, the City's response to such situations was to defer the renewal of assets and infrastructure. But two decades of this practice has created a backlog of mandatory infrastructure renewal that the City estimates will require an additional investment of $93 million per year for 20 years to address. This includes the renewal of residential streets, recreation facilities and other buildings in which the City conducts its business. This does not include the maintenance and renewal of new assets in new neighbourhoods, which are developed with these considerations already in mind.

If left unresolved, this backlog will not only have a crippling effect on the City's ability to maintain service levels and meet spending requirements for repair and maintenance, but also reduce its economic competitiveness. Numerous examples of the high costs associated with infrastructure failures and the service interruptions they create have been reported in the media, as many North American cities have experienced asset failures resulting from historically insufficient maintenance and renewal investments. Regina can reduce the risk of similar failures happening here, and the 2015 budget took some steps to maintain or rehabilitate critical public assets, such as the decision to allocate a one per cent property tax increase to residential road renewal.

Major Highlights of 2014

Enhancing the city's urban form through intensification and redevelopment of existing built-up areas:

Regina Revitalization Initiative

The Regina Revitalization Initiative (RRI) is the largest redevelopment project in our city's history and will bring neighbourhoods, facilities and people together in ways never before possible. It will create new opportunities for business and investment, and bring new life to our city's core with walkable connections between the sites and convenient links to major thoroughfares from Evraz Place. Ultimately, the project will contribute to the OCP's target to increase the density of Regina's population by providing two new sites in the existing city where residential development can occur, reducing the need for greenfield development.

In 2014, the Railyard Renewal Project component of RRI was recognized as the Best Large Scale Project by the Canadian Urban Institute. Planning for this element of RRI will begin in 2015.

In 2014, the RRI continued its focus on the Stadium Project. In May, the public private partnership (P3) contract was awarded to PCL Construction Management Inc., which includes HKS Sports & Entertainment, B+H Architects and TD Securities, with an iconic design intended maximize the spectator experience. The design will shield spectators from the environment while ensuring excellent flow and fit within the neighbourhood. The new facility will be named Mosaic Stadium and have a standard capacity of 33,000, expandable to 40,000 occupants.

Since construction began in June, the project remained on schedule and by year's end was approximately 22 per cent complete. This project has seen 230,000 cubic meters of dirt removed, 820 piles put in place, nearly 12,000 cubic metres of concrete poured, and more than 1,200 tonnes of reinforcing steel used at the site. Also, four tower cranes have been set up and 10 building permits issued with a value in excess of $45 million.

The new Mosaic Stadium will reach substantial completion by August 31, 2016. The first Saskatchewan Roughrider game to be played in the new stadium will be in June 2017.

Meeting regulatory requirements and industry best practices for design, construction and operation of infrastructure:

Wastewater Treatment Plant Upgrade

The City is making a significant investment in the Wastewater Treatment Plant to meet new regulatory requirements, protect public health and our environment, address concerns of downstream residents and businesses, and meet the needs of our growing population now and for the future.

In July, through a rigorously procured public private partnership (P3), the City of Regina and EPCOR Water Prairies Inc. (EPCOR) reached financial close for the City's new Wastewater Treatment Plant. EPCOR will design, build, finance, operate and maintain the Wastewater Treatment Plant for 30 years.

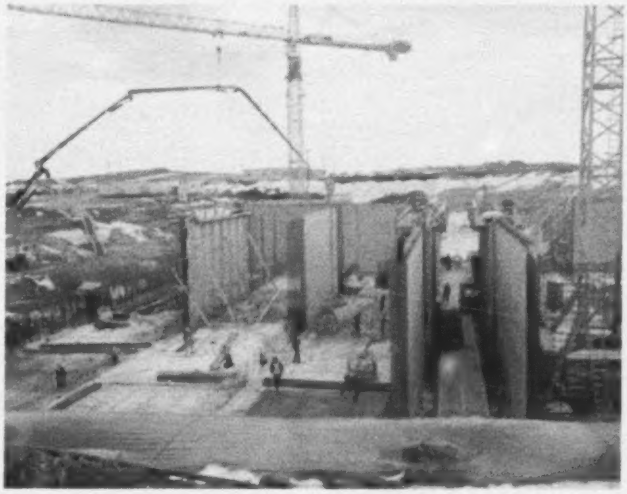
Construction for the new Wastewater Treatment Plant will cost $181 million, which is $43.5 million lower than budgeted. The P3 Canada Fund approved federal funding for up to 25 per cent of the eligible capital costs, estimated at approximately $48 million. As a result of an extremely competitive P3 process, the contract for construction, and long-term operations and maintenance is $248 million under budget for the 30 year term of the contract, bringing the long-term costs down from $858 million to $611 million.

When completed, the total size of the excavation for the project will equate to 124 Olympic size swimming pools. In total, more than one million kilograms of reinforcing steel will be used in the bioreactors, and 650,000 kilograms of reinforcing steel will be required for secondary clarifiers.

In 2014, the Wastewater Treatment Plant project was recognized by two national awards:

1. The Canadian Council for Public-Private Partnerships awarded the City of Regina and EPCOR Water Prairies Inc. as winners of the Chuck Wills Award for innovation and excellence in public-private partnerships.
2. Water Canada, a national magazine dedicated to news, research and analysis of water management, stewardship and treatment, named the Wastewater Treatment Plant as one of Canada's top five projects.

The new Wastewater Treatment Plant will be substantially complete by December 2016.



Ensuring City of Regina services and amenities are financially sustainable:

Resolving Pension Funding Issues

In November 2014, the City of Regina and the Pension & Benefits Committee achieved a negotiated agreement for the sustainability of the Regina Civic Pension Plan and to address the unfunded liability of the Plan.

The two sides, representing employers and employees, agreed on fundamental changes for a sustainable plan design, stable costs and security for benefits. These changes include an immediate small reduction in the contribution rates for employees and, should the plan encounter deficits in the future, a structured series of temporary contribution rate increases and benefit reductions. In addition, a new governance structure will be put in place.

A joint proposal was submitted to the pension regulator in December, and early in 2015, the proposed amendments were accepted. The next steps in the process are to seek Council approval and then implement the changes to the Regina Civic Pension Plan by July 1, 2015.

Ensuring sustainable, forward-thinking, responsible planning for the long term:

Provincial Approval of *Design Regina:* The Official Community Plan

In March 2014, the Province formally approved ***Design Regina*** as the City's new Official Community Plan (OCP), replacing the Regina Development Plan.

Regina's rapid rate of growth and population projections for the next 30 years have made it necessary to establish a new approach to managing growth and development. Extensive public involvement was core to the development of the OCP, a four-phase project which started in 2009. Community engagement will continue as the OCP is implemented and progress is monitored, assessed, and reported.

The OCP contains a comprehensive policy framework that will guide the physical, environmental, economic, social and cultural development of the community. As such, it plays a key role in setting the long-term direction for Regina and is essential to managing future growth, development and change in the community. The new OCP has formed the basis of the City's strategic and business planning for the next four years, building the foundation for long-term implementation.

In 2014, *Design Regina* was awarded the Excellence in Planning Award by the Saskatchewan Professional Planners Institute.

Promoting and enhancing social sustainability by recognizing that quality of life in a community depends on both its physical and community resources:

North Central Shared Facility

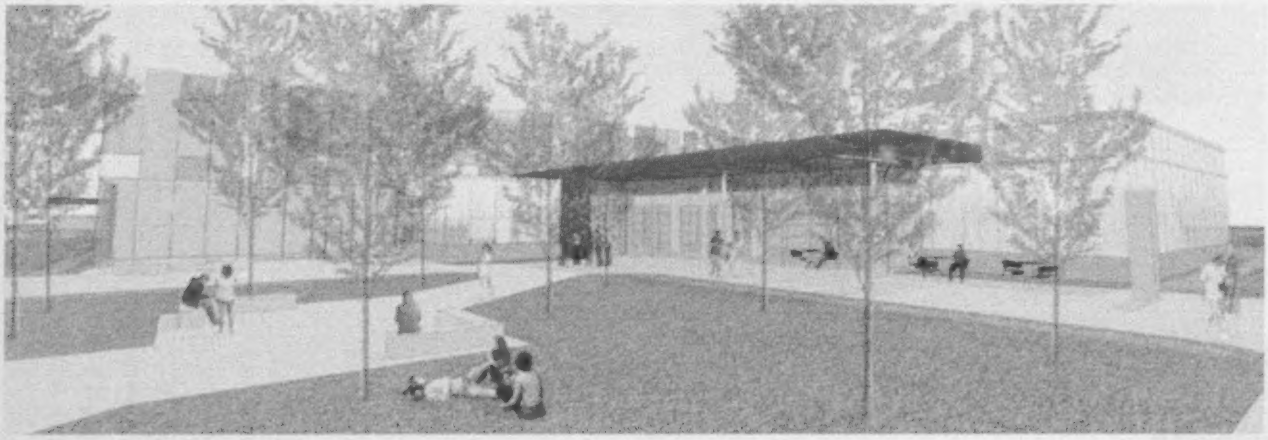
In 2014, the City of Regina confirmed its support and financial commitment for the North Central Shared Facility (NCSF), a visionary collaboration initiated in 2003 by a number of community stakeholders who serve the North Central community. The concept of a shared facility was introduced to replace facilities that were at the end of their useful life or did not meet program requirements. These included: the City's Albert-Scott Community Centre, Regina Public School Board's Scott Collegiate and Regina Public Library's Albert Branch. In addition, it was recognized that integrated service delivery would assist in revitalizing the neighbourhood to address some of the complex social and economic issues in the community.

Since 2003, joining the City, School Board and Library, a number of community stakeholders have been involved to identify the need and integrated program opportunities for the NCSF. These stakeholders include the Regina Qu'Appelle Health Region (RQHR); File Hills Qu'Appelle Tribal Council; Ministry of Education; North Central Community Association; Regina Education and Action on Child Hunger (REACH); Chili for Children; Regina Catholic Schools; Regina Police Service; and Scott Infant and Toddler Care Centre.

The direct benefits of the new facility include:

- An increase of direct programming space from 12,500 square feet in the existing Albert-Scott Community Centre to 23,000 square feet in the new NCSF.
- Total accessible programmable space of 45,000 square feet available to the community.
- Increased available space for the 50 plus non-profit agencies in North Central that provide sport, recreation, culture and social programs in the community.
- Provision of a competitive athletic field for soccer and football, which is not currently available in the North Central neighbourhood.
- Increased sport, recreation, arts, culture and social programming in North Central, which increases the safety of residents and program participants, as well as builds a sense of community.
- Fitness and recreation opportunities that draw participants from across the city to North Central.
- Community leaders from the rest of Canada visiting this facility to explore its unique, ground breaking approach.

The NCSF will be operational by early 2017.



Supporting a more sustainable and beneficial approach to growth within the region through collaborative regional planning and service delivery:

Regional Servicing Study

The City of Regina partnered with a number of municipalities within the Census Metropolitan Area (CMA) to explore future needs of water and wastewater servicing, with the goal to identify the potential for regional collaboration in the provision of these services.

Growth in Saskatchewan is at an all-time high, creating greater demands on aging municipal systems. Construction, operation, and maintenance costs are rising; therefore it is important to ensure that communities are getting the best return on infrastructure investments while maintaining an acceptable level of service. Regional collaboration can help to lessen these burdens.

There are a number of shared concerns within the region. Water and wastewater servicing is one of the most pressing needs for all municipalities, including the City of Regina. Recent serviceability studies reveal that the City needs to make substantial investments in water and wastewater infrastructure to support the growth projections outlined in the OCP. The OCP also contains a policy statement about pursuing regional planning initiatives including an integrated servicing strategy.

This groundbreaking study is the first and foundational step in what is hoped to be a wide range of future opportunities for regional collaboration by the CMA municipalities.

Ensuring infrastructure decisions result in long-term sustainability:

Residential Roads Program

The condition of Regina's residential road network has steadily deteriorated over the past 50 years as a result of underfunding. There are no quick fixes to improve the condition of the network; however, there are approaches that can first start to slow the declining condition and over time, improve the level of service that can be expected for Regina's road network.

For the 2014 budget, City Council approved a dedicated one per cent mill rate to the renewal of residential roadways. The City recognized an urgent need to increase the investment in poor roads and implement a strategy to prevent further deterioration of the residential road network. This recognition led City Council to approve a broader policy framework as part of the 2015 budget process. Also approved was a second straight year of a dedicated tax targeted to the renewal of residential roads each year, up to and including 2019. These resources will accumulate and be supplemented by the existing road renewal budget to create a pool of approximately $14 million a year for residential roads.

Supporting orderly and sustainable long-term growth:

Interim Phasing and Financing Plan

The OCP identifies "Achieving long-term financial viability" as one of the Community Priorities. The plan also recommends that systems be developed to "Support orderly and sustainable long-term growth".

Regina has generally allowed development to occur when and where developers identify a market demand. Historically, this has resulted in slow build out of some neighbourhoods, delaying the development of support services that are inherent to the concept of 'Complete Neighbourhoods' (e.g. grocery stores and other retail, schools, transit, etc.).

Furthermore, the organization undertook a process to determine how the growth plan could be financed. Historically, the cost of growth has been largely borne by developers, who pay Service Agreement Fees (SAF) per hectare on land they develop. Thus, in addition to the infrastructure provided directly by developers, they also pay for the development of the larger network of connecting infrastructure affected by growth.

The City's approach to setting SAF rates was built on a model that amortized the full cost of infrastructure over 20 years. Generally, the perception has been that this model has effectively met the needs of both developers and the City. However, in response to the new growth plan, the City assessed the risk to taxpayers associated with setting SAF rates and collecting them under a variety of different scenarios. Once the objective of minimizing long-term financial risk to taxpayers was added, it became clear that a phased approach to development would significantly reduce risk to tax payers by minimizing cash flow shortfalls and reducing the need for debt. Phasing development dictates the order and timing of when new neighbourhoods begin to develop.

The Interim Phasing and Financing Plan established a strict phasing plan that will be in place until a full review of the phasing and financing of growth-related infrastructure is undertaken. This review will include an update of the SAF Policy and model, and is planned for completion in 2015.

The Interim Phasing and Financing Plan supports two key Community Priorities in the OCP:

1. Long-Term Financial Viability
   - Reducing the long-term financial risk of changes to growth patterns that could result in reduced cash flow or the increased need for debt.
2. Complete Communities
   - Focusing development to allow for complete build out. This approach is likely to achieve complete neighbourhoods sooner.
   - Limiting development in the lands targeted for population growth between 235,000 and 300,000 to ensure lands targeted for population growth up to 235,000 are more fully built out first. This is likely to achieve a faster build out of existing neighbourhoods.

Key Risks Facing the City of Regina

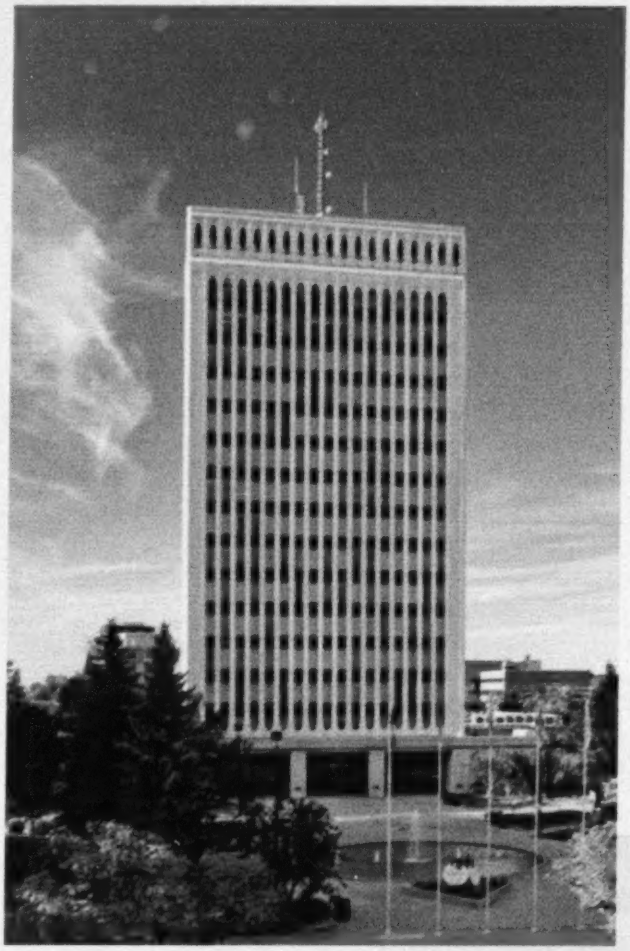
There are a number of risks that, if realized, could affect the City's ability to sustain current service levels. Two risks with potentially significant impacts are:

- **Asset condition:** The City recently completed an assessment of Regina's roadways. While the most heavily used roads are generally operating at expected levels, there are significant issues for residential roads. This assessment resulted in a 25-year plan to renew them.

  In the absence of thorough asset condition information, there is a risk that one or more assets could deteriorate or even fail, resulting in a reduction in service levels to citizens. The development of good asset condition information and plans to address asset weakness is a priority for the City and a focus of activity in 2015 and beyond.

- **Succession Planning:** In this current economic environment of low unemployment and rising incomes, the City of Regina is poorly positioned to compete in the labour market. Indeed, the organization is already experiencing difficulty recruiting for key positions. This issue is further complicated by the fact that one-third of the City's workforce is eligible to retire in the next six years. Not only will the City need to recruit replacement workers, it will also lose significant experience and service knowledge.

A key element of the City's strategic plan to deal with the recruitment and retention of employees will include strategies to ensure they have the knowledge, skills and abilities to meet the service expectations of Regina residents.



Planning Our Future

Design Regina: The Official Community Plan

At the culmination of a four-year planning process, the Province approved *Design Regina: The Official Community Plan (OCP) in 2014.* Traditionally, Regina's OCP has served primarily as a land use plan. In addition, the OCP includes broad social, economic, environmental, cultural and other important policy goals. These goals were established in response to eight Community Priorities which expand upon the City's Vision and articulate what the City and the community wish to achieve together. The Community Priorities and resulting policy goals are intended to be achieved as Regina grows to 300,000 people.

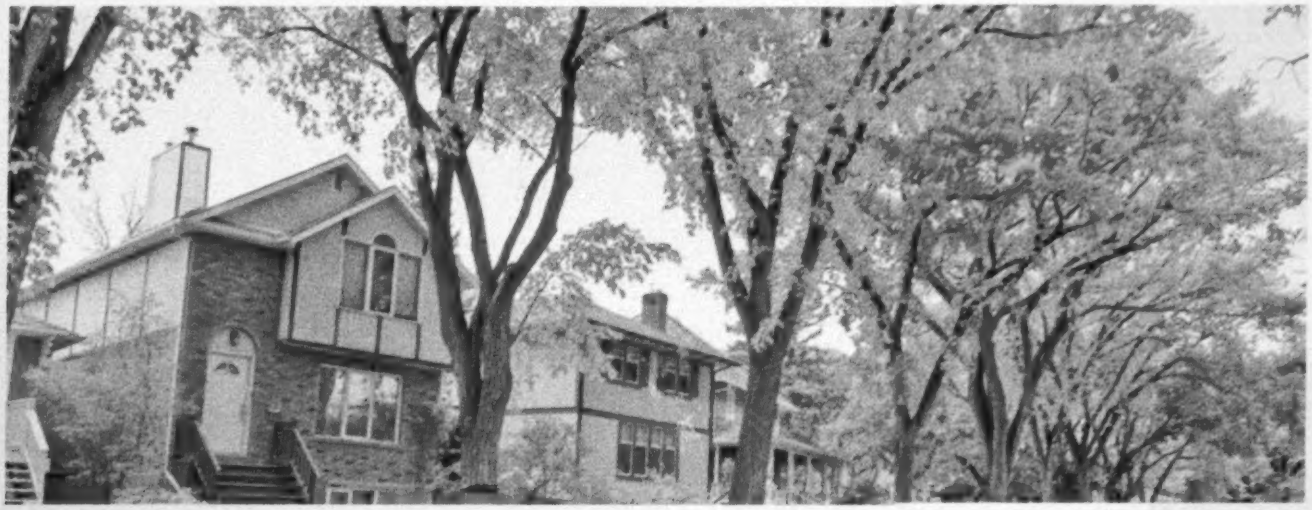
The OCP will direct growth and change in the community over a 25-year period. The development process included extensive public and stakeholder engagement in creating a plan to address the community's priorities. The resulting plan presents a bold vision for what a Regina of 300,000 people will offer residents and visitors. Achieving the OCP will take leadership on the part of City Council and Administration, and require action from other business and industry stakeholders as well as the community at large.

Overview of *Design Regina: The Official Community Plan*

The OCP is the City's highest order plan and the basis upon which other policies and plans will be built.

The city-wide plan of the OCP consists of three major components: a set of financial policies which establish a framework for ensuring the long-term financial sustainability of the organization; a growth plan that directs where and how growth will occur; and, city-wide policy sections that speak to various topics directly and indirectly related to the growth plan.

The OCP was developed with several subordinate plans either complete or in development. Those subordinate plans are not typically referenced, but they remain the mechanisms through which the OCP will be realized. Such documents as the Open Space Management Strategy, the Regina Urban Forest Management Strategy and the Recreation Facility Plan, will continue to guide the organization and respond to the goals and policies of the OCP. Future updates to those documents will be based on the OCP, as will any development of new strategies and plans.



Plan Outcomes

The OCP will be implemented over the next 20-30 years and is intended to result in the following changes, organized by Community Priority:

Develop complete neighbourhoods

- New neighbourhoods and revitalized existing neighbourhoods that provide:
  - Multiple transportation options, including roads and express transit, cycling, and pedestrian routes.
  - A variety of housing types and sizes.
  - Easy access to the daily life necessities, such as shopping, employment, parks.
- Connected community destinations, such as activity centres and parks, to enable walking, cycling and other active ways of getting around.

Embrace built heritage and invest in arts, culture, sports and recreation

- Recreational programming and spaces that address the changing needs of the community.
- Protection of existing neighbourhood character while also providing opportunities for new housing options.
- Improved civic identity and pride with increased focus on traditions, historic places, and stories.
- Increased awareness and encouragement of cultural activities, places and their value.

Support the availability of diverse housing options

- Increased housing supply.
- Improved diversity of housing throughout the city.
- Availability of additional housing options including family-sized rental units, compact "micro-apartments", and housing for those with specific-needs.
- Renewal of housing to revitalize existing neighbourhoods.

Create better, more active ways of getting around

- Expansion of on and off-street pathways.
- Increased use of transit and carpooling, as well as walking, cycling, and other active modes of transportation.
- A transit system that features more express buses and/or additional buses on existing routes, and consideration of a future rapid transit system.
- Improved winter road maintenance to address the needs of seniors and people with disabilities.

Promote conservation, stewardship, and environmental sustainability

- Become a resilient city through greater energy efficiency, reduction of greenhouse gas emissions, green building design, access to locally produced food, and diverse sources of power and energy.
- Enhanced green space, urban forests, and tree canopy.
- Improved protection of our urban natural spaces and species, including water bodies, parks and wildlife.

Achieve long-term financial viability

- Growth in new areas as well as development within the existing city.
- Improved use of existing roads, pipes, and other City infrastructure in the provision of water, collection and management of solid waste, management of storm water, etc.
- New and existing developments contribute fairly to the cost of new and existing City facilities and services.
- Seek new and innovative tools and methods for financing the construction and maintenance of infrastructure.
- Introduction of financial policies to guide the implementation of the plan and its policies.

Foster economic prosperity

- A thriving city centre that is supported by better transportation connections between downtown, surrounding neighbourhoods, and the new stadium.
- Coordinated commercial and industrial development within the city and the broader region.
- Create a more beautiful city through better design of neighbourhoods, public spaces, and buildings.
- Better solutions for worker housing.
- A more diverse and sustainable economy.

Optimize regional cooperation

- Collaboration with neighbouring communities to explore opportunities for shared services, such as infrastructure, recreational programs, etc.
- A transportation system that links to the broader region.
- Proactive planning with the Rural Municipality of Sherwood for a city population of 500,000, focusing on areas of mutual strength and benefit.

Strategic Plan

Planning is the way organizations and businesses identify what they are going to do, to move from their current state to their desired future state. The journey towards achieving the Vision and Community Priorities will be paced over 25 years, and approached as a marathon, not a sprint.

The OCP provides the City of Regina the opportunity to respond to both the current circumstances the organization is facing and the desired future and policy goals outlined in the OCP. In 2014, the City launched its first four-year strategic plan since the approval of the OCP. That strategic plan is intended to build the foundation for the delivery of the OCP in the future. Each four-year Strategic Plan to follow will build on this foundation, reflecting the integrated sets of choices that will drive the implementation of the OCP and the achievement of the Vision and Community Priorities.

The 2014-17 Strategic Plan, Building the Foundation, is primarily focused on establishing a solid basis from which to grow Regina in the future. It targets activities that will establish a solid financial foundation and appropriate policies so the far-reaching objectives of the OCP can be achieved.

The City of Regina will operate from a position of strength to achieve the Design Regina Community Priorities. The City will be recognized, in particular, for its long term financial sustainability strategy and its increased ability to deliver innovative services in a fiscally responsible manner.

FIGURE 5: CITY OF REGINA'S STRATEGIC FOCUS IN BUILDING THE FOUNDATION, THE STRATEGIC PLAN FOR THE 2014-17.

The plan is based on four strategic directions, outlined below:

Direction 1: Manage Growth

The City of Regina will manage growth within the city, collaborate with the surrounding region, and encourage the development of liveable neighbourhoods.

By managing growth, the City will invest to accommodate a growing population without jeopardizing the sustainability of the community as a whole, or access to services by future generations of residents. As directed in the OCP, the City will develop new and enhanced revenue streams; encourage density in the city centre and along major corridors; cascade the overarching policies of the OCP through other guiding documents; and work with regional partners to protect land for growth to a population of 500,000.

Objectives:

1.1 Revenues are optimized to support sustainable growth.
1.2 Renewal of the city is fostered through intensification.
1.3 The City has adopted a policy framework that aligns decision making to the Community Priorities.
1.4 A regional plan and approach to land use and servicing is established.

Direction 2: Improve Financial Viability

Residents of Regina will benefit from the City's increased financial capacity to renew and replace critical infrastructure.

Improving decision making on allocating limited resources, determining the right trade-offs between maintenance, repair and rehabilitation of infrastructure, and ultimately identifying what services are delivered and how, requires better data and analysis than the City historically had at its disposal. Strong models for financial planning and asset management will support the City to make choices within the context of long-term implications.

Objectives:

2.1 A full life-cycle Asset Management approach is being used to support infrastructure renewal decisions.

2.2 The City is optimizing financial capacity and improving the future allocation of resources.

2.3 Decisions about programs and assets reflect future service needs.

Direction 3: Engage and Develop Staff

The City of Regina will create a work environment where employees are engaged and are positive leaders of change for their community.

Employees who are fully involved in and enthusiastic about their work deliver better quality service to residents and seek out opportunities to be innovative, efficient and otherwise demonstrate leadership. They can attract other like-minded employees and are less likely to leave the City in pursuit of other opportunities. The City is committed to fostering engaged and skilled staff by investing in leadership development and structures that support safe workplaces and effective processes.

Objectives:

3.1 Strong and effective leaders are developed at all levels of the organization.

3.2 Our employees receive the supports they need to be safe, efficient and effective.

3.3 Our employees are engaged to support the City's delivery of the Community Priorities.

Direction 4: Engage Citizens

The City of Regina will develop new processes that seek to engage our citizens and responsibly address their evolving needs.

Residents rely on services provided by the City to maintain and enhance their quality of life. The sustainability of those services is not assured, particularly as expectations for new and enhanced services continue to grow, and revenues to pay for them fail to keep pace. To achieve the Vision and Community Priorities developed and affirmed by citizens through the *Design Regina* public engagement process, the City must continue to engage residents in discussions about their expectations for service. Emphasis must not only be on ensuring efficient approaches for meeting expectations but also on defining reasonable methods for funding services that address both affordability and sustainability concerns.

Objectives:

4.1 Reconcile service expectations against the fiscal realities of the City.

4.2 The City is responsive to customers' needs by meeting established Customer Service Standards.

Achieving the OCP requires a complex series of actions and accountabilities. The City's strategic planning process defines components that move from broad application across the organization over a long time period, to increasingly time-bound, shorter term goals that cascade to the level of individual employees. Guided by this process, the City and its employees maintain a focus on where we want to go in the long-term as we decide what to do today (Figure 6).

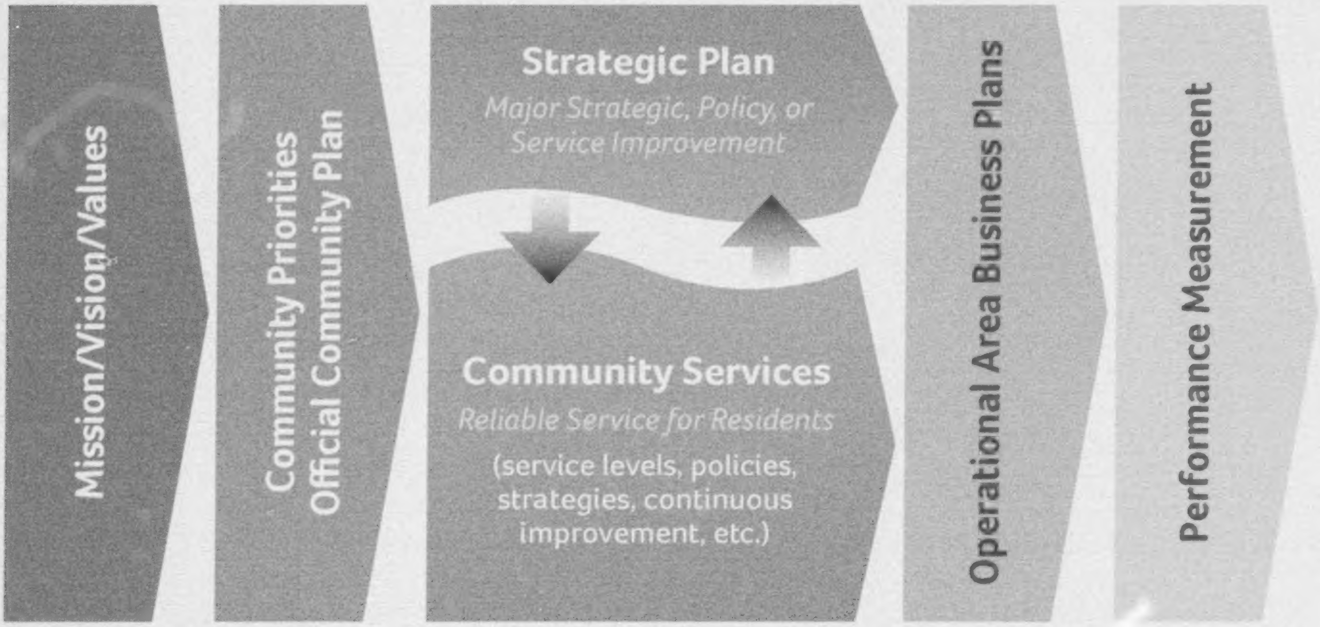

Mission/Vision/Values
Community Priorities
Official Community Plan
Strategic Plan
Major Strategic, Policy, or Service Improvement
Community Services
Reliable Service for Residents
(service levels, policies, strategies, continuous improvement, etc.)
Operational Area Business Plans
Performance Measurement

FIGURE 6: CITY OF REGINA'S LONG TERM AND STRATEGIC PLANNING MODEL.

A Message from the Chief Financial Officer

The City of Regina's 2014 Annual Report is the culmination of a thoughtful, comprehensive process that includes details about service delivery plans, funding strategies, assessments of the organization's operating environment and financial condition and measurements of progress. It takes a team of committed staff across the organization to produce all of the information and analysis required for this process, and I am grateful to the staff who contributed their efforts for this work.

Last December, the City of Regina approved its 2015 Budget. The budget document, Strengthening Our Foundation, included information about the environment, our operating environment, key risks, and our understanding of the costs required to support our programs and services. It is truly a business plan outlining not only our services and how they affect residents of Regina, but also how we are going to fund them.

The Annual Report is a bookend to the Budget. The City of Regina is improving its performance at a number of different levels. The 2014 Annual Report describes its progress, including an outline of the measurement and reporting framework the organization is building. It begins the process of meeting our commitment to the public to report our progress on the *Design Regina: The Official Community Plan* (OCP). This year, we have reported on the early decisions and actions taken to implement the OCP. We have also reported the first of a number of measures to understand our progress on achieving the Community Priorities.

The Annual Report includes 2014 operational highlights. Next year, in addition to these highlights, the City of Regina will also report our operating performance using benchmarks which will allow us to compare our performance with other municipalities. This will help inform residents, Council and City Administration about the service levels we provide, how to pay for them, and how to identify improvement opportunities that improve services and/or reduce our costs.

The City of Regina is committed to strengthening our planning cycle and the transparency that results from improved public reporting processes. The result will be improved oversight on City of Regina performance and more informed long-term decision-making on behalf of all residents.

Sincerely,

Ed Archer
Chief Financial Officer

Assessing our Performance in 2014

An integral component to the OCP was a commitment to annually report on progress, including the development of a performance measurement framework. The City of Regina is using the planning model, as seen previously in Figure 6, as the basis for measuring and reporting on our performance. We are in the early stages of developing service-specific measures and the intention is to use the Annual Report as the vehicle for reporting our measurement results.

At its highest level, the measurement framework we will report in the future is structured according to the following:

Official Community Plan

- Activities and decisions related to the implementation of the OCP
    - Reporting will begin in this Annual Report and is included within.
- Measurement of progress based on the Community Priorities
    - Measures are in development; some preliminary measures that have already been well-established by the City are included, however more public engagement will be required to ensure the emerging measures adequately capture the intentions of the OCP.

Strategic Plan

- Results
    - Reporting on significant activities and results related to the current strategic plan will begin in this Annual Report and are included within.

Operational Performance

- Operational highlights
    - Reporting of operational highlights will continue as has been the practice in past Annual Reports.
- Benchmarking and key performance indicators
    - The City of Regina is embarking on a process to measure and report on its operation performance. The foundation of this effort will be a set of benchmarks to allow the City to report on its performance in comparison to other municipalities. In addition to benchmarking information, each program area will develop a set of Key Performance Indicators to allow the ongoing monitoring of effectiveness and efficiency. The first results of this work should be available for the 2015 Annual Report.

Lessons Learned

The City of Regina is aggressively moving to improve the quality, consistency and frequency of its performance reporting. Part of this journey has resulted in learning about our own capacity, processes and systems, including what the performance information means and how it will influence future decisions. Some key learnings of last year include:

- Measurement of progress on the Official Community Plan is complex. The OCP is designed to articulate community-wide objectives. Achieving results is not always within the full control of the City of Regina. Where we influence but do not control the inputs required to produce desired results, we expect to be able to describe the following two aspects of performance:
  - Whether or not the community is moving in the right direction.
  - Whether or not the City of Regina is doing its part to achieve the OCP.

Furthermore, the approximately 25-year timeline of the OCP is significant. Changes will sometimes be small and incremental. A measurement framework must be able to identify trend information for the whole plan, and accountability information for the City of Regina at a level sufficiently nuanced to pick up small improvements which may occur in a single year. The development of such a measurement and reporting framework, and building the understanding and buy-in to what such a framework might mean, will be a multi-year project for the City.

- The City launched its first strategic plan based on the new OCP in 2014, including performance measurements and targets. The first year of reporting on the strategic plan resulted in a number of lessons:
  - Monitoring performance can result in the identification of system and process issues separate and apart from actual performance on the measure. For example, the City has a customer service target which requires personnel to respond to service requests from residents within 48 hours. This target does not require that the issue be resolved, particularly if it is complex; however, it does require that personnel ensure residents are aware of what the issue is, the steps being taken to address it, and when they can expect a resolution. Monitoring this target revealed a number of process and system issues which have since been corrected.
  - Assumptions which contribute to performance targets can be revealed as incorrect. For example, the City has an objective to "*Reconcile service expectations against the fiscal realities of the City.*" The initial work plan associated with this objective was to undertake a number of engagements with residents to better understand their service level expectations. Preliminary work taught the organization the City has not sufficiently communicated to residents what its services are. In the absence of this knowledge, residents are sometimes unable to differentiate between City services and services provided by other levels of government. We will improve our communications and engagement efforts to increase awareness about the role played by the City of Regina in the community in order to begin a deeper discussion about reconciling service expectations with the cost of delivering them.

Official Community Plan Results

Activities and Decisions to Implement the Official Community Plan

The City of Regina took a number of actions and decisions that advanced the OCP in 2014. These are presented and organized by the policy categories within the OCP.

Financial Policies

- **Policy 1.1** – *Allocate the cost of delivering programs and services based on [...] the benefits model:* The Local Improvement Program (LIP) was amended to better align with the Benefits Model set out in the OCP. Changes recognize that some of the services linked to LIP investment were services that benefited the broader community. The amendments better reflect the balance of benefits between broader community benefits resulting from the renewal of residential roadways, and the localized benefit of repaired sidewalks, gutters, and curbs. The changes to the LIP program were done in association with the introduction of a new Residential Roadway Program that provides a source of funding for the necessary work outside of the LIP framework.

- **Policy 1.1.3** – *Where some of the benefits of a program or service are city-wide and some of the benefits are directly attributable to specific beneficiaries, the costs are to be paid for by a combination of general revenues of the City of Regina and user fees or other similar charge:* Transit has recognized that the balance of community wide benefits and individual benefits of the transit system are not accurately reflected in the level of cost recovery at which the system currently operates. The Ontario Municipal Benchmarking Initiative (OMBI), which includes a few municipalities outside of Ontario, reports that the average level of cost recovery for transit systems reporting to OMBI is 47 per cent. A survey conducted by the City of Regina with a different sample of cities had an average cost recovery rate of 44 per cent. The City of Regina's cost recovery is significantly lower, at 37 per cent. The Transit Department's own target, established in 2009 through the Transit Investment Plan, is 45 per cent, representing an appropriate sharing of the cost of the service by the beneficiaries, which includes the community at large and transit riders. The best way to improve cost recovery is through increased ridership, which has been a driving focus of Transit's ongoing business planning. However in 2014, Transit also determined that a fee increase was warranted. A Transit fare increase was approved to increase revenue between $1.2 and $1.6 million annually. The fare increase shifts the balance closer to the 45 per cent target and represents the first in a planned series of fare increases to come closer to the target by 2017.

- **Policy 1.4** – *Develop infrastructure in accordance with a phasing and financing plan:* The implementation of the new interim Phasing and Financing Plan, approved by City Council in the summer of 2014, helps make sure Regina's growth occurs methodically, and in a way that is affordable and sustainable. Properly phasing and financing growth ensures that growth pays for growth, a key principle of the OCP. It is also a financially responsible practice because it reduces the level of financial risk associated with undertaking too much infrastructure development too quickly. In 2014, Council also committed to the completion of a final Phasing and Financing Plan in 2015.

- **Policy 1.20** – *Apply the benefits model to ensure that costs shared with other municipalities and external agencies are paid for on a proportionate basis:* Currently, septage haulers from the Regina region are able to unload into one of the City's sewage lagoons for a nominal fee. The development of the new Wastewater Treatment Plant will result in decommissioning the sewage lagoons, so this option will no longer be available. The City of Regina has only a limited requirement for septage services and could have proceeded to address only its needs. However in 2014, Council determined that the new Septage Receiving Station (SRS) will continue to accept septage from customers and communities outside of Regina, but on a full cost recovery basis consistent with this policy. Providing this service to non-Regina residents helps foster cooperation and growth with the surrounding area.

Growth Plan

- **Policy 2.10** – *Prepare an intensification development strategy:* A four-year Intensification Work Plan (IWP) was developed as the first phase to accomplish the intensification goals outlined in the OCP. The strategy will enhance Regina's urban form through intensification and development of existing built-up areas of the city.

Regional Context

- **Policy 3.2** – *Work with regional partners to explore strategic planning initiatives, including but not limited to:*

  3.2.1 – *An integrated servicing strategy that may include cost-sharing models, corresponding service levels, and performance outcomes for long-term views;*

  3.2.5 – *Sharing of knowledge, staff resources, and other measures in support of the above strategies.*

  - The Regina and Region Water and Wastewater Study, completed in 2014 in cooperation with a number of municipalities surrounding Regina, was a successful act of regional cooperation that examined water, sewer and drainage needs of the region. In particular, the study identified an opportunity to explore ways to provide a shared wastewater plan for Regina and surrounding communities – particularly those southeast of the city. This type of regional cooperation provides the opportunity to capture economies of scale, allowing smaller communities to benefit from services they would otherwise be unable to afford, while also reducing costs for Regina residents. At the same time, it helps strengthen regional relationships and promote goodwill for future growth plans.

  - The City actively collaborated to explore planning initiatives and common interests with the following groups: White Butte Regional Planning Committee (which includes White City, Pilot Butte, Balgonie, Village of Edenwold and the Rural Municipality of Edenwold), Regina Moose Jaw Corridor, Rural Municipality of Sherwood Committee, Global Transportation Hub Authority, and Sakimay First Nation.

  - As a follow up to the success of the 2013 Regional Planning for Growth Summit: The Economic Case for Regional Cooperation, the City of Regina and its regional partners, the Regina Regional Opportunities Commission (RROC) and the White Butte Regional Planning Committee, held a second summit in November 2014. The summit culminated in a half day of facilitated workshops that brought our region's leaders together to focus on opportunities and chart a clearer path for regional cooperation for the Regina area. Participation by summit delegates resulted in an action plan for the Regina region.

Environment

- **Policy 4.7** – *Maintain and continually expand a healthy and diverse urban tree canopy to improve air quality, increase carbon sequestration, reduce heat island effect and enhance the aesthetic character of the city:* Continuing to protect, promote and expand Regina's urban forest and street tree canopy, the City planted 475 trees and encouraged developers to plant drought and flood-tolerant foliage with low water requirements. Increasing the number of trees improves air quality, increases carbon sequestration, and enhances the aesthetic character of our community. Encouraging the use of specific foliage significantly reduces the amount of irrigation required to establish the foliage, as well as reduces replacement costs of plant material that may be exposed to extreme Saskatchewan weather conditions.

Transportation

- **Community Priority** – *Create better, more active ways of getting around:* Work proceeded on the City's first Transportation Master Plan (TMP), a key guiding document that will advance the implementation of the OCP. Public engagement was the key focus in 2014 to guide work on the development of the TMP. In planning for a city with a future population of 300,000 residents, the TMP will contain policies for things such as bike and pedestrian path design, traffic flow, and roadway design, all in support of the policy goals of the OCP.

- **Policy 5.4** – *Establish all-season design and maintenance priorities for roads, sidewalks and pathways to ensure the transportation network provides safe travel, access and mobility:* Changes made to the Winter Maintenance Policy will contribute to improve the all-season accessibility and mobility for Regina residents. In 2014, the Winter Maintenance Policy was amended to enhance service levels by including sidewalk clearing adjacent to City-owned parks located next to public schools.

- **Policy 5.4** – *Establish all-season design and maintenance priorities for roads, sidewalks and pathways to ensure the transportation network provides safe travel, access and mobility:* To help enhance the city centre and establish the location as a central hub, recommendations from the Downtown Transportation Study saw the implementation of a shared traffic and pedestrian corridor along 12th Avenue between Hamilton Street and Lorne Street. The changes to this corridor improve the flow of traffic through the downtown, while maintaining a safe and accessible corridor for pedestrian traffic.

- **Policy 5.11** – *Enhance transit service in existing neighbourhoods to support continued residential and employment growth:* In 2014, transit was extended into Eastgate. This decision built on top of significant transit improvements in July 2013 when service was expanded to previously unserved or poorly served neighourhoods including Maple Ridge, Lakeridge, Lakeridge Addition, Skyview, Kanosis, Windsor Park, Spruce Meadows, the Greens on Gardiner, the Refinery, Ross Industrial East, and Wascana Park/Science Centre. At the same time, two new express routes operating on Albert Street and Victoria Avenue were added. Finally, as part of the 2015 budget approved in December 2014, Council made a decision to expand Transit service to the following statutory holidays: Victoria Day, Canada Day, Saskatchewan Day, Labour Day and Thanksgiving Day.

Infrastructure

- **Policy 6.4** – *Adopt a continuous improvement framework to address the current infrastructure gap and ensure that future requirements for infrastructure are aligned with the priorities, goals and policies of this Plan:* In 2014, Council approved a proposal to allocate an amount equivalent to a one per cent mill rate increase for the next five years to residential roadway renewal. Previous to this decision, the renewal of residential roads was limited and failed to address a significant gap in service. A new Residential Road Network Improvement Plan will set out project timelines for the renewal and maintenance of residential roadways in a systematic manner and steadily improve the overall quality of residential roads in our city.

- **Policy 6.5** – *Determine requirements to upgrade and finance existing infrastructure to service new development at defined service levels:* Work was completed on the Second Pressure Zone project, delivering improved water pressure, including water pressure sufficient for fire response, to residents in the northern portion of the community. This second pressure zone ensures service expectations are maintained while infrastructure growth continues in a sequential and coordinated manner.

Land Use and Built Environment

Goal 1 – *Enable the development of complete neighbourhoods*; and

- **Policy 7.5** – *Encourage appropriate mixed-use development within neighbourhoods, as well as the retention of existing local and neighbourhood commercial spaces.* New neighbourhood developments are required to meet criteria set out in the OCP and the Westerra Neighbourhood is the first residential neighbourhood to gain approval that is within the 300K population growth plan. The neighbourhood takes advantage of a mix of uses, including residential, open space recreation and employment, and higher density to create a more complete neighbourhood.

Housing

Goal 1 – *Increase the housing supply and improve housing affordability:*

- Housing incentives tax exemptions provided 454 rental units and 87 ownership units for a total investment of $629,746 in 2014.
- Housing incentives capital grants provided 22 rental units and 118 ownership units for a total investment of $1,945,000 in 2014.
- The City hosted the second Mayor's Housing Summit in fall 2014, which built upon the momentum of implementing the Comprehensive Housing Strategy and the previous year's summit. There were 191 people in attendance representing all spectrums of the housing continuum, with participants from government, private and non-profit sectors.
- Social Housing: in 2014 the City continued to participate on the Homelessness Partnering Strategy to implement the Community Plan by having a member on the Community Advisory Board. This project leverages federal government investment in community social housing of $1.1 million each year for five years.

- **Policy 8.4** – *Establish accessory suite regulations within appropriate residential areas;* and

- **Policy 8.11** – *Encourage developers to provide a greater mix of housing to accommodate households of different incomes, types, stages of life, and abilities in all neighbourhoods:* In 2014, the City approved a Laneway Housing Pilot Project in the Greens on Gardiner Neighbourhood. Laneway housing will allow the creation of detached secondary suites in both existing neighbourhoods and new developments. Under the current bylaw, only secondary suites within a single dwelling unit, such as a basement suite, are allowed. Laneway housing provides another option for homeowners and tenants that will improve urban density.

Culture

Goal 1 – *Enhance quality of life and strengthen community identity and cohesion through supporting cultural development and cultural heritage:* Work continued on the development of Regina's first ever Cultural Plan, a 10 year strategic plan guiding the development of the arts, cultural heritage, cultural industries and inter-culturalism. It will be the primary document that guides our cultural policy decisions in ways consistent with the objectives in the OCP.

Health and Safety

- **Policy 11.2** – *Collaborate with stakeholders to ensure the long-term health and safety of Regina's residents:* The City of Regina and the Regina Humane Society reached a 20 year agreement for animal control services. Part of this agreement involves the development of a new Animal Community Centre. The Centre is planned to be a progressive shift away from the historical model of a "city pound" and instead serve as a vibrant, central hub with improved spaces for animal care, greater community access, expanded education programming, and an improved working environment for staff and volunteers.

- **Policy 11.12** – *Provide appropriate crime and fire education and prevention programs in collaboration with community associations and other stakeholders:* A series of partnerships was initiated with external organizations such as the Ministry of Social Services and the Regina Open Door Society to help educate seniors, new Canadians, children and families about fire safety. Another partnership, with the University of Regina, will study residential cooking fires.

Social Development

- **Policy 13.4** – *Collaborate with partners and the community to identify required social programs and services to address the diverse needs of residents, including the most vulnerable populations:* Plans for Regina's North Central Shared Facility were advanced throughout 2014 and Council formalized its support for the facility in the 2015 budget, approved December 2014. The facility is an innovative use of space that combines a community centre, high school, public library, a community police centre and space for community organizations all in a single location. This multi-use facility will act as a community hub to foster socially inclusive interactions.

- **Policy 13.20** – *Support the city's population of seniors and persons with specific needs:* The number of licences for accessible taxis increased from four to 10 as a way of increasing transportation options for all residents. The fare for using accessible taxicabs has also been equalised to the fare of regular taxicabs.

Realizing the Plan

- **Policy 14.1** – Ensure that corporate decisions, policies and practices are consistent with this Plan: As part of the City's strategic plan, a number of guiding documents have been identified for review to ensure they are aligned with the OCP. In 2014, the following guiding documents were reviewed as part of this effort:
  - Roadways Asset Management Policy
  - Community Investment and Grant Policy
  - Utility Asset Management Policy
  - Service and Performance Standards (within the Transportation Master Plan)
  - The Cemeteries Bylaw

A schedule has been developed to review a number of other guiding documents and work will continue over the coming years.

- **Policy 14.6** – Develop a Corporate Strategic Plan and Departmental Business Plans to steer decision-making and improve understanding of the implications across the City for the implementation of this Plan: The City of Regina has developed a long-term strategic planning framework that integrates the strategic and business planning process with the delivery of the OCP (page 23). The first strategic plan based on this new planning framework was launched in 2014 and is reported elsewhere in this Annual Report.

Performance Measurement of the Official Community Plan

As described above, work is underway to develop a measurement framework to better understand the City's progress in implementing the Official Community Plan.

The current strategic focus of the City is long-term financial sustainability (Figure 5). The foundation is a necessary first step to achieving the vision outlined in the OCP. This focus is directly responsive to the Community Priority, *Long Term Financial Viability.*

Thus, the first performance measures that can be reported are measures that the City has been tracking and reporting for some time now, **Financial Condition Indicators.**

The Public Sector Accounting Board (PSAB) issued a Statement of Recommended Practice for governments that supports discussions about a government's financial condition. This financial condition is reflected in the overall economic and financial environment and the City's ability to meet service commitments to the public and financial obligations to creditors, employees and others. It takes into account sustainability, flexibility and vulnerability.

Sustainability

Sustainability is the degree to which a government can maintain existing programs and meet existing creditor requirements without increasing the relative debt or tax burden on the economy.

The City's sustainability is generally following a positive trend (Figure 7). The ratio of financial assets, including liquid financial assets such as investments or cash, to liabilities, has dropped as a result of investments in major infrastructure such as the new stadium and the Wastewater Treatment Plant in the last year. Total assets (including tangible capital assets) to liabilities ratio remains positive and will improve as new assets come on line. A number of large infrastructure renewal projects currently underway have resulted in an increase in overall debt levels but this is consistent with the approved plan.

The effect of relying on debt financing for capital projects is highlighted by the "total debt per household" indicator. It is important to note however, that this is not an estimate of how much each household must contribute to debt repayment. It is merely a way of describing the City's debt relative to the size of the community.

Sustainability Indicators	2014	2013	2012	2011	2010	2009
Ratio of Financial Assets to Liabilities	1.10	1.41	1.30	1.25	1.11	1.07
Ratio of Assets to Liabilities	3.95	6.47	5.90	5.97	5.22	4.45
Ratio of Net Debt to Total Revenue	0.34	0.13	0.15	0.18	0.21	0.22
Total Debt Per Household	$ 2,742	$ 928	$ 980	$ 1,081	$ 1,314	$ 1,425

FIGURE 7: CITY OF REGINA'S SUSTAINABILITY INDICATORS

Flexibility

Flexibility is the degree to which the City can increase its financial resources to respond to rising commitments by either expanding its revenues or increasing its debt burden. Figure 8 shows three indicators of flexibility and indicates that the City is maintaining a stable level of flexibility.

As the data in the following table shows, municipal taxes as a share of household income have been increasing for the past five years, although it's still considered to be at an affordable level for the residents of Regina. The overall ratio of municipal revenues to taxable assessment has remained relatively stable, and while the level of debt grew in 2014, debt charges to total revenue, which shows the proportion of total revenue required to pay interest charges on debt, remained stable.

Flexibility Indicators	2014	2013	2012	2011	2010	2009
Ratio of Debt Charges to Total Revenue	0.01	0.01	0.01	0.01	0.01	0.01
Municipal Taxes as per cent of Household Income	2.66%	2.36%	2.25%	2.22%	2.14%	2.09%
Ratio of Total Municipal Revenue to Taxable Assessment	0.03	0.03*	0.05	0.05	0.05	0.04

FIGURE 8: THE CITY OF REGINA'S FLEXIBILITY INDICATORS.
NOTE * INDICATES A RE-ASSESSMENT YEAR WHEN THE TOTAL TAXABLE ASSESSMENT INCREASED BY 92%.

Vulnerability

This is the degree to which a government is dependent on, and therefore vulnerable to, sources of funding outside of its control. The risk of relying on external funding sources is that the City does not directly control or influence either the amount or timing of such revenues.

Vulnerability is measured by calculating the ratio of revenues from senior governments to the City's own-source revenues.

The City has decreased its reliance on funding from other level of government over the last number of years, including federal and provincial gas tax revenues. This indicates decreasing vulnerability and that the City is more able to fund essential programs and services from own-source revenues (Figure 9).

Vulnerability Indicator	2014	2013	2012	2011	2010	2009
Ratio of Government Transfers to Total Revenue	0.13	0.13	0.14	0.14	0.20	0.25

FIGURE 9: CITY OF REGINA'S VULNERABILITY INDICATOR.

Credit Rating

A credit rating is a forward-looking opinion provided by an arm's-length organization, such as Standard & Poor's, about a borrower's overall creditworthiness. It focuses on the borrower's capacity and willingness to meet its financial commitments as they come due. The credit rating also influences the interest rate to be paid when borrowing.

Standard & Poor's undertakes a detailed analysis of the borrower's financial condition, using a robust set of criteria, and updates it annually. The City of Regina Standard & Poor's credit rating is AA+ (Stable). Regina has received this credit rating since its first one was issued in 1989. According to Standard & Poor's, this consistently strong performance reflects the City's ongoing commitment to sound fiscal management. In its assessment, Standard & Poor's said, "Regina's forecast debt burden is moderately high but manageable under this plan."

Strategic Plan Results

The City of Regina's strategic plan attempts to accomplish two things:

1. Advance the long term achievement of Official Community Plan.
2. Address issues, risks, and opportunities in the shorter term that will ultimately affect the City's capacity to achieve the OCP.

Many of the 2014 decisions and actions related to the achievement of the OCP as reported above directly flow from the City's strategic plan. What follows is a report of activities that are either underway or more internally focused:

Manage Growth:

- A number of guiding documents that establish the policy basis defining how services are provided at the City of Regina have been reviewed to ensure they are aligned with the policies in the OCP. This work will continue over the next four years. To date, the following policies have been reviewed:
    - Asset Management Policy (Roadways)
    - Community Investment & Grant Policy
    - Asset Management Policy (Utility)
    - Service and Performance Standards (within the draft Transportation Master Plan)
    - Cemeteries Bylaw
- A project was launched in 2014 to review the City's Service Agreement Fees, Development Levies, and to develop a final Phasing and Financing Plan for the OCP. This work is an essential component of implementing the OCP, of managing growth and realizing long-term financial viability.

Improve Financial Viability

- The City of Regina is moving toward implementing full life-cycle asset management across all asset categories. As identified above, existing asset management policies have been reviewed. The organization is moving forward to develop first generation asset management plans in seven asset categories by the end of 2017. Inherent to this plan will be the introduction of Asset Report Cards beginning with some asset classes in 2015.
- As part of the strategic plan, the City of Regina is beginning work to develop a long term financial plan. First steps in this long term plan include the following work which began in 2014:
    - The development of first generation asset management plans.
    - The review of the Service Agreement Fees, Development Levies, and the finalization of OCP Phasing and Financing.
    - The introduction of new financial software that has the ability to provide predictive modeling and improved decision support.
    - A review and revision of the City's financial policy framework.

As this work is finalized, it will be knitted together to create a multi-year financial plan that will better allow the City to plan its resource requirements and make informed decisions.

Engage and Develop Staff

- A significant risk identified for the City of Regina is the challenge it faces recruiting employees in a tight labour market. This risk is even more serious when it is considered within the context of impending retirements that could potentially see the City lose up to one-third of its employees in the next six years. In response to this issue, in 2014, the City started work to improve the work environment and to make it more attractive to current and new employees. This includes:
    - Each branch and department was required to identify activities to improve the engagement of their employees in the work place. Activities ranged from increasing the number of team meetings to the availability of professional development.
    - There has been a City-wide emphasis on workplace safety that has reduced time lost injuries since 2011 by 47 per cent, with the biggest gains coming in 2014.
    - The City developed a Leadership Competency Model to provide organizational leaders with clear expectations for their behaviour and performance. The City contracted the University of Regina to develop a City-specific program to support leaders so they have the skills to create a positive and productive work place.
    - Finally, in 2014 the City of Regina approved a Management Skills Series, an internal certificate program for both current and aspiring leaders in the organization. Tactical in nature, it provides learning modules to support leaders with practical knowledge, best practice information, and City-specific process and tools in eight learning modules. These modules include: safety management, project management, communication, strategy and risk management, change management, performance management, workforce management, and financial management.

Engage Citizens

- In 2014, the City took the first steps to develop a citizen engagement strategy which should be finalized in 2015.

Operational Performance Measurement

Performance Measurement

In 2014, the City of Regina made a decision to improve its capacity to measure and report on its operational performance. This decision has two elements:

1. **Key Performance Indicators:** Measures that will indicate whether a particular program or service is performing as intended. A good example that already exists in Regina is the Winter Road Maintenance Policy. The policy outlines what citizens can expect in terms of performance. The service managers annually report to Council regarding the extent to which they have been able to meet the standards set out in the policy.

   Other programs and services where standards have not been as formalized have started to contemplate what similar policies and standards might be in their areas. Over the coming years, these will be formally documented and ultimately, performance results against these standards will be reported.

2. **Benchmarking:** While it is useful to measure the City's performance against its service intentions, it is also useful to compare its performance to that of other municipalities across a standard bundle of services. This comparison can be used to provide context, identify innovative approaches used elsewhere which can be adapted for use in Regina, and create a network of professionals that can be consulted throughout the year. The results of the comparative benchmarks will be available to help citizens, Council and staff to understand the relative performance of City services when compared to those of other cities.

Operational Highlights

While the Official Community Plan and the Strategic Plan guide the changes and improvements the City of Regina wants to make over time, most of the City's effort goes into delivering day-to-day service to residents. What follows is an overview of the highlights and accomplishments of the City in 2014.

Building Permits and Inspections

- The City issued 3,229 building permits representing a total construction value of $628 million.

Culture, Sport & Recreation

- Regina hosted the North American Indigenous Games, a week long event that attracted more than 4,000 athletes and involved 1,500 volunteers.
- As part of our continued support of community and culture within Regina, we provided $3.4 million in grants through the Community Investment Grants Program. The money went to 120 sport, recreation, culture and social development organizations which serve approximately 1 million participants through 100,000 hours of programs and services.
- The Neil Balkwill Civic Arts Centre served 65,000 visitors while the Lawson Aquatic Centre, Fieldhouse, Northwest Leisure Centre and Sandra Schmirler Leisure Centre served a combined total of 900,000 visitors.
- The City installed new equipment to manage ventilation and water quality at the Lawson Aquatic Centre.

General Government

- The City's Open Government Program increased the number of available data sets to 27 and the number of public interest topics to 43.
- Access to Information requests are tracked as "formal" or "informal" requests. In 2014, 42 formal and 14 informal requests were received and processed.
- Administrative and procedural support was provided for City Council, three quasi-judicial boards and 16 committees. This includes support for 198 meetings and hearings.

Fire/Bylaw

- The Fire Department responded to more than 7,000 emergent and non-emergent incidents in the protection of life, property and the environment.
- The Department maintained its International Fire Accreditation. This accreditation is held by only four fire departments in Canada and demonstrates performance to high international standards.
- A large portion of fire apparatus fleet was replaced/ renewed.
- Under a new agreement, the City of Regina will provide fire services to the Global Transportation Hub.
- Bylaw Enforcement responded to 8,150 services requests and started targeted inspections of newly annexed areas of the City of Regina to enforce bylaw infractions.

Corporate Services

- Developed and implemented a preventative maintenance program and made improvements on aging infrastructure throughout City-owned assets to reduce the whole life cost of operating.
- Implementation of the new Human Resource Management System (HRMS) project began in 2014. The last major upgrade took place in 1999. This new system will improve our ability to manage and oversee resources by moving closer to organization wide integration. The system improves data accuracy, integrity and security. It also achieves significant efficiencies in areas such as payroll and benefit administration, ultimately resulting in financial benefits for the organization. The HRMS project is also forward thinking as it allows for implementing future HR best practices, such as Manager and Employee Self Service, Business Analytics, and iRecruitment.
- Achieved a 20 per cent reduction in lost time injury frequency compared to 2013 through a series of integrated steps including focusing on safe work environments, work practices and training.
- The Aboriginal City Employees group (ACE) held its second annual National Aboriginal Day celebration. The employee group represented employees and the organization at a variety of events including the North American Indigenous Games, career fairs and volunteer programs.
- A number of hardware and software upgrades to improve the City's technology environment occurred in 2014. For example, senior Fire Department officials, as well as commercial and residential property assessors, all use tablets in the field. Pilot programs are also being conducted to determine the value of tablet technology in the Water Services Branch. Better equipping our employees to work remotely through the implementation of online collaboration tools and tablet technology improves their ability to deliver services to citizens.

Legal Services

- Bylaws are a key mechanism for Council decision making. They assure the smooth operation, financing and regulation of the City, including compliance with changes to provincial legislation. In 2014, a total of 84 bylaws were prepared, including new, amending, and major re-writes of existing provisions. Several of these bylaws addressed important policy issues or changes to enforceability including:
    - *The Taxi Bylaw:* Amendments to the Taxi Bylaw required taxi brokers to operate computer aided dispatch technology to collect and submit data to the City regarding trips and trip requests. This information will allow the City to better understand requirements for taxi service. This information will inform future decisions regarding the number of taxi licences that will be made available. Other amendments to the Taxi Bylaw increased the quantity of licences available for accessible taxis and required that accessible taxis charge the same rates as other taxis.

  - *Clean Property Bylaw:* Amendments to the Clean Property Bylaw allowed Mobile Food Vending in locations such as City Square Plaza, and established the policies within which vendors can operate. Amendments also increased the proportion of sidewalk that can be utilized by restaurant outdoor patios, while still ensuring that sufficient sidewalk space remained to allow a person in a wheelchair to pass.
  - *Traffic Bylaw:* Speed limits were established on a number of city streets, particularly those located in newly-annexed land.
  - *Noise Abatement Bylaw:* Amendments to the Noise Abatement Bylaw to allow for voluntary payments of fines, minimizing the need and cost of court appearances and to align the language of the bylaw with recent interpretations of the Court.
  - *The Cemeteries Bylaw:* Administration initiated a review of the Cemeteries Bylaw to improve clarity of the wording, ensure consistency with legislation and identify the needs of the community and industry partners. The amendments addressed trends in memorialization, changed the notice requirement for an interment, revised the calculations for the return and transfer of Cemetery Licenses and set the fees for 2015.
  - *The Properties Exempt from Taxation as a Result of the 2013 Municipal Boundary Alteration Bylaw:* This Bylaw provided for property tax exemptions to owners and occupants of land that was newly-annexed into the City of Regina as a result of the 2013 municipal boundary alteration. The tax exemptions were provided in accordance with the tax mitigation policy.
  - *Design Regina*: The Official Community Plan Bylaw: Amendments to change the Official Community Plan to adopt a Secondary Plan to allow for a new industrial park/neighbourhood (Fleet Street Business Park) in the City of Regina. This will provide a policy framework for guiding land-use, zoning, subdivision and servicing.
- Bylaws were also prepared to establish tax rates, provide for tax exemptions, and to authorize borrowing on the Regina Revitalization Initiative and Wastewater Treatment Plant projects.
- Legal support was provided in a wide range of contracts. Most important of these were the contracts executed with proponents to deliver the Wastewater Treatment Plant and the new Mosaic Stadium. These two contracts are based on public private partnerships and represent a new way of doing business at the City of Regina. The contracts involved a careful analysis of risk and an appropriate level of risk transfer to reduce cost to the City of these major projects, and to ensure the delivery on time and on budget.
- Through the City's Risk Management Branch, which is responsible for risk management for the City and Regina Police Services, the City was provided with guidance and oversight to reduce its risk, and ultimately the cost of operating. In 2014, the Branch investigated 1,385 incidents, settled 129 third-party claims, and paid out a total of $289,000.
- The City's Prosecutions Branch administers the Regina Municipal Division of Provincial Court and is responsible for prosecution of all bylaw offences in the community, except moving traffic violations and some provincial offences. In 2014, the City brought 1,098 charges to court on infractions ranging from parking, animal control, fire, zoning and building bylaw offences in an effort to promote public safety and harmonious use of public and private spaces.
- The Legal Department led the work on several fronts to improve overall governance and accountability for a number of the City-related organizations including:
  - Complete: Regina Exhibition Association Limited (REAL, operating as Evraz Place).
  - In development: Buffalo Pound Water Treatment Plant; Regina Regional Opportunities Commission; North Central Shared Facility; and Regina Civic Pension Plan.

Parks

- The continued success of the Forestry Department resulted in less than one per cent of the 140,000 trees that make up Regina's urban forest being lost to disease or insect infestations such as Dutch Elm Disease, Black Knot and Fireblight. This loss represents an extremely high standard and is considered industry best practice.
- More than 2,000 sites were treated for mosquito control, an exceptional year when compared to the annual average of 1,200 sites. The need for this escalation in treatment was due to heavy rainfall, increasing the number of potential breeding sites for mosquitoes. The goal of the City is to ensure mosquito populations remain below the 10-year average. Despite the increased treatment in 2014, the weather resulted in mosquito populations higher than the 10-year average in July. However, by August, as a result of escalated effort, mosquito populations declined to below the 10-year average.

Planning

- To continue the development of Ross Industrial Park, the remaining parcels of City-owned land were sold – including the 47 acres that were serviced in 2013. The development of this parcel and the sale of land responds to pent up demand for industrial land in Regina.
- The City agreed to use Municipal Reserve land to accommodate new joint-use school sites. Although a new practice, this ensures that areas with greatest need for new schools will have them, while reducing overcrowding in existing schools.

Roads

- The City was able to rehabilitate 38 kilometres of road in 2014, an increase over what was accomplished in 2013. This was possible through:
  - The implementation of a new paving method, which allowed resources to be organized more efficiently.
  - The availability of additional financial resources due to the allocation of one per cent of the 2014 mill rate increase to the renewal of residential roads. The City developed a Proactive Repair Strategy in response to these new resources to stabilize the residential road network from further degradation.
- One bridge was rehabilitated in accordance with the bridge renewal plan. This plan is focused on ensuring the City's bridges are maintained in a safe and cost effective manner, assuring the community's safety.
- Ongoing monitoring of traffic changes and congestion resulting from growth led to improved traffic control with the installation of new traffic signals at six intersections in 2014. This is consistent with the number of new traffic controls which have been installed over the last few years.
- As part of the ongoing maintenance of assets to ensure the continued safety of pedestrians and vehicle passengers, the City rehabilitated traffic controls at 12 intersections and 12 pedestrian corridors. In 2014, the City increased the rate of renewal of traffic controls by investing more and establishing improved processes for managing the work.
- Using resources from the Alley Levy Program, the City continued to ensure that alleys perform as required by renewing and repairing 29 paved alleys and 13 kilometres of gravel alleys.

Transit

- Ridership increased seven per cent to 6.6 million rides. This is the third year in a row that ridership has increased.
- After purchasing 15 new buses, the Transit fleet is now all low-floor accessible. This provides the opportunity for people with mobility devices to use regular Transit service instead of Paratransit service.
- To continually increase transit safety, 90 buses have had cameras installed on them. As fleet renewal takes place, new buses will be equipped with cameras.
- Paratransit lowered the refusal rate to 5.3 per cent from 8.2 per cent by providing an additional 2,500 trips.

Waste Management

- The landfill began a $10 million expansion that will extend its useful life for an additional 25 years.
- Waste Plan Regina is the guiding document used to help reduce waste and encourage recycling. A 19 per cent diversion rate was achieved through various landfill diversion options such as Regina's residential recycling service and the leaf and yard depots. To help reach the goal of a 40 per cent diversion rate by the end of 2015, a recycling program for multi-family residential units was approved to begin January 1, 2015.

Water/Wastewater

- Extreme low temperatures early in 2014 resulted in deep frost and a record number of frozen service connections. While the Water Works Department typically repairs five frozen connections a year, it restored service to more than 170 customers in 2014.
- Buffalo Pound Water Treatment Plant, which supplies Regina's water, won the "Waterville Taste Test" at the 66th annual Western Canada Water Conference and Exhibition.
- In the fall of 2014, the City used cost savings from one project to build two new berms to reduce the flooding risk along Wascana Creek in Les Sherman Park, and along 17th Avenue in Rotary Park. This will improve service levels to residents, and help to avoid costs in 2015 and every year thereafter, by reducing the need for sandbagging during the spring melt.
- The City renewed 14.3 kilometres of underground wastewater and stormwater pipes in 2014. The renewal was complete using cost-effective, trenchless technology that essentially relines the inside of an existing pipe with a new pipe instead of the traditional method of open trench digging. Not only cost-effective, this trenchless technology also minimizes service disruption and lowers green house gas emissions.

Service Partners

The City of Regina works with a number of related organizations whose financial results are consolidated with those of City operations for the purposes of financial reporting. Most of these service partners also publish their own performance results annually. Some highlights are provided here:

Regina Police Service

The Regina Police Service (the Service) takes a lead role in providing public safety in the City of Regina. Recognition of this role is embodied in the Service's vision statement of "Working together to keep Regina safe."

2014 Highlights

The Strategic Plan 2011-2014 was based on four integrated areas of focus: service delivery; partnerships and community engagement; recruitment and employee development; and business processes and infrastructure.

Service Delivery

The Regina Police Service's Core Functions are emergency response, quality investigations and response to non-emergency calls, traffic safety, and crime prevention/community building. The anticipated outcomes of these efforts are crime reductions, increased public feelings of safety and security and decreased public fear of crime.

- There are 13 School Resource Officers working with 14 high schools, 75 elementary schools and approximately 10 alternative schools and programs. One of the 13 officers is dedicated to full afternoons with Law, Public Safety and Security (LPSS) class at Campus Regina Public.
- The Community Services Division implemented new advanced analytics and dashboards to identify hotspots for criminal activity and traffic accidents, as well as persons and addresses involved in frequent calls for service. This helps to provide earlier identification of emerging problems and enable proactive initiatives to curtail these problems before they escalate into something more serious.
- Continued focus on impaired drivers to enhance traffic safety. Impaired driving charges increased 30 per cent over 2012.
- The Graffiti Investigator has been in place for more than one year and clearance rates have been reduced from less than 10 per cent to more than 25 per cent.

Partnerships and Community Engagement

The Regina Police Service has a crucial role in reducing crime and increasing safety in Regina, but officers do not work alone in this endeavour. The Service requires assistance from the community, including public reporting of occurrences and providing input, so we can best meet the community's priorities. They also require assistance from local, provincial, and national partners who share stake in improving community well-being.

- The Citizens Police Academy (CPA) had two classes with 54 participants in 2014.
- The 11 and under Initiative (11UI) is a collaborative partnership aimed at supporting children who are identified as being at risk for involvement in the criminal justice system or at increased risk for victimization. The 11UI received 81 new referrals in 2014.
- The 2014 Regina Police Service Half Marathon attracted 1,052 runners and walkers, with 679 runners and walkers in the 21.1 kilometre course and 373 participating in the relay event.
- The 19th Annual Regina Police Service Showcase was held at Evraz Place in the spring, with approximately 7,000 people attending the open house throughout the day.
- The Regina Police Service's annual United Way Campaign raised nearly $20,000 in 2014.
- The results for the bi-annual Regina Police Service Community Perceptions Survey were extremely positive, reflecting high community satisfaction with the service provided, as well as high overall feelings of safety in Regina.

Recruitment and Employee Development

A qualified, well-trained and motivated staff properly deployed is crucial to delivering optimal service to the people of Regina.

- Annual training for all sworn members included Firearms Training and Qualification, Defensive Tactics Training and Recertification, and Emergency First Aid, CPR and Automated External Defibrillator (AED) Training was successfully implemented and achieved 94 per cent participation.
- A comprehensive efficiency review was completed in 2014. This review identified a number of positions that could be converted, merged or eliminated to enable re-assignment of police officers within the organization, particularly to bolster the front line. These changes to the distribution of human resources will occur in 2015.

Business Processes & Infrastructure

The Service is committed to evaluating and adapting its facilities, equipment, and business processes to ensure they meet service objectives and the organization's needs are consistent with sound budgeting principles and reflect forward planning.

- The Regina Police Service Strategic Plan 2015-2018 was approved by the Board of Police Commissioners in October. The strategic themes that will guide organizational decision-making for the next four years are: Service; Communication; Our People; and Improvements.
- The Regina Police Service upgraded its radio system as part of the City of Regina's overall radio system upgrade.
- Due to its deteriorated condition, the Municipal Justice Building was effectively closed in 2014. Leased space was attained and developed to meet Regina Police Service (RPS) office needs, as well as to accommodate fleet services and fitness facility.
- The project to virtualize server systems was completed in 2014. Virtualization has reduced the physical requirements for data storage, including heating, ventilation and air conditioning for our server systems.
- Worked collaboratively with the City of Regina Facility Management Services Department to develop a facilities renewal plan for the Regina Police Service. The joint Facilities Renewal Project Steering Committee is finalizing the space needs assessment and will provide a closing report including next steps.
- An off-site location for data storage has been attained to better meet storage needs.

Buffalo Pound Water Treatment Plant

In 2014, the Buffalo Pound Water Treatment Plant faced significant transition, specifically in formalizing the relationship between the Plant, the Plant Board of Directors, and the Cities of Regina and Moose Jaw, through a governance review and the implementation of the results. Watson, an external consulting firm, completed the short-term governance review and the recommendations were implemented by the Board in the first half of 2014, with the Plant and both Cities adopting the Governance Policy Manual and Governance Protocol. The Cities also commissioned Watson to assist with the medium-term recommendations in the last half of 2014.

The major capital project has progressed and the detailed design neared the 95 per cent stage for the ultra-violet disinfection system and Archimedes screw pump. The construction tender will be issued early in 2015.

The Plant electrical substation and related electrical work design proposal was approved with detailed design to commence in 2015. This capital work will allow the Plant to continue meeting regulatory requirements while mitigating some of the risks associated with the Plant's aging electrical system.

The backlog of the smaller capital projects has been moving forward with seven projects completed and two in design stage in 2014.

The long term program of renewal work, which identifies what is required to keep the 59 year old Plant operating into the future, was further developed and refined with the intent of minimizing risks and ensuring the Plant is in regulatory compliance. A financial pro forma was completed to allow the Cities of Regina and Moose Jaw to determine how this program of work could be delivered through the contemplated changes to the governance structure. The program of work will need further development in 2015 before it can move forward.

This year was the first year that the Plant developed its own Key Performance Indicators (KPIs). These KPIs will allow the Board and management team to better monitor the Plant's operations to ensure it is operating effectively and efficiently. The Plant also started to participate in the National Water & Wastewater Benchmarking Initiative which compares other similar water treatment plants across Canada in their operations and performance. Again, this will assist the Board in making decisions on the Plant's operations.

The Plant performed its first comprehensive risk assessment to identify and prioritize risks. This will help target where operating and capital funding should be allocated to mitigate significant risks. The risks were generally related to failure of infrastructure, source water issues and human resources.

The operating budget experienced a shortfall as water sales were down in 2014. It was a cool year with the average annual temperature two degrees Celsius lower than the 40 year historical average. Only six days had temperatures over 30 degrees Celsius when on average there would have been 23 days. It was also a wet year as the Plant had 654 millimetres of rainfall, significantly higher than the historical average of 283 millimetres. Expenditures were below budget, however they were not low enough to offset the low revenues from reduced water sales. The Buffalo Pound Lake's raw water quality was very poor in 2014. It has not improved since 2011 due to spring flooding and source water management issues. As a result, the Plant chemical dosages and treatment costs have been unprecedentedly high. The poor water quality is not expected to change for several years unless the Water Security Agency increases the flow through the Buffalo Pound Lake.

The Plant was in full regulatory compliance with respect to the quality of treated water provided to its customers: City of Regina, City of Moose Jaw, SaskWater and the Buffalo Pound Provincial Park which, when combined, serves more than 230,000 people.

Regina Regional Opportunities Commission (RROC)

Important changes took place in 2014 at RROC, including a substantial internal effectiveness review which resulted in a new organizational framework and strategic focus for the organization.

RROC is now pursuing a sector development strategy that targets smart growth for Regina and region by exploiting our existing competitive assets and strengths. The strategy will include the development of strategic and competitive intelligence to assist the key industries and sub sectors of: machinery and equipment manufacturing; fabricated metal manufacturing; food processing; events, tradeshows and conventions; and tourism.

Other highlights include:

- Formation of an Events Alliance to collaborate on event attraction.
- New partnership with Regina Hotel Association.
- Signed Memorandums of Understanding (MOUs) on joint initiatives and information-sharing with: University of Regina, Canadian Manufacturers and Exporters, Association of Regina Realtors.
- Successful bids for 10 major events coming to Regina with a total economic impact of over $10 million.
- Launch of a new investment attraction tool, the Regina Regional Economic Profile.
- New multi-media tourism advertising and promotional campaigns including the "New Regina" video.
- Providing advisory services to more than 200 entrants to the Saskatchewan Immigrant Nominee Program who are seeking to start businesses in our community.

Regina Exhibition Association Limited (Evraz Place)

The Regina Exhibition Association Limited (REAL) marked the first year of the continuation of REAL as a non-profit corporation controlled by the City of Regina. REAL is an arms-length, entrepreneurial organization with the mandate for stewardship, development and programming for Evraz Place. It is governed by an independent competency-based volunteer Board of Directors appointed by City Council. REAL's profits are reinvested in the business and the assets of Evraz Place, which is owned by the City of Regina.

Some achievements for 2014 include:

- Reaching a profit of more than $1 million.
- Development of a conceptual design and costing for Phase 2 of the Master Infrastructure Plan.
- Ongoing participation in the planning, and supporting the construction, of the new Mosaic Stadium.
- Strong year for the Queensbury Convention Centre and the Food and Beverage Division.
- Ongoing capital repairs and maintenance for the site and buildings.
- Continued strong utilization of world class sport and recreation facilities.
- Hosted signature annual events which include the Canadian Western Agribition, Canada's Farm Progress Show, and the Queen City Ex.
- Hosted a wide range of entertainment events including Cirque Du Soleil's Dralion, Disney on Ice, Regina Pats hockey, and music concerts Phillip Phillips and Florida Georgia Line.

Regina Downtown

The Regina Downtown Business Improvement District is an organization which provides a range of business and community services to promote and enhance downtown's unique assets, to improve conditions for businesses operating in the district, and improve the quality of life for those who shop, work, live and play downtown. The Downtown encompasses the 41 block area between Osler Street, Angus Street, Victoria Avenue, and Saskatchewan Drive. Regina Downtown's services supplement those provided by the City of Regina. Regina Downtown has been especially active in the last two years, with the additional responsibility of programming Regina's City Square Plaza.

Regina Downtown's results from the past year include:

- The *Info on the Go* team, which had 1,843 interactions while undertaking the following activities:
  - Working the mobile kiosk, Monday to Saturday from 11:30 a.m. to 3:30 p.m., at F.W. Hill Mall, the Farmers' Market and on City Square Plaza.
  - Working with Community Partners to assist with City Square Plaza programming.
  - Acquiring training such as First Aid, Safe Needle Pick-Up, and safety training from the Regina Police Service.
  - Attending a familiarization tour to obtain knowledge about various tourist attractions in Regina.
  - Checking various amenities downtown, such as the condition of sidewalks, light posts, garbage receptacles— along with monitoring graffiti downtown.
- Attendance at seven outdoor Cinema Under the Stars movie nights reached more than 10,000 people, a 100 per cent increase over the previous year.
- Four Downtown Dialogue meetings were held in 2014 to discuss safety and security in the downtown.
- Street Culture began the Street Culture Outreach Project Experience (SCOPE) program in early June to work with and mitigate the amount of street involved youth within the downtown. The SCOPE program ran Monday to Saturday, 5 to 10 p.m. through to the end of October.
- Almost 2,500 people took to the ice rink at Victoria Park, a 100 per cent increase over the previous year.
- In 2014, 155 bags of litter and garbage were collected in the downtown; this is over and above the garbage deposited in City of Regina waste bins.
- The removal of 96 graffiti tags.

Warehouse District

Regina's Warehouse Business Improvement District services 80 blocks of Regina, within the boundaries of Albert Street to Winnipeg Street and 4th Avenue to the CPR tracks. The Warehouse District is home to both modern and historic Chicago-style buildings, built in the early 1900s. In 2014, the Warehouse District achieved the following highlights:

- New District street banners were installed.
- Explored a Street Art Program for consideration in 2015.
- Broad & 7th Linear Park continues to be a work in progress.
- Participated in discussions on the City of Regina Railyard Renewal Project.
- Explored the potential of "heritage" style street lighting with SaskPower.
- Clean Up Day on May 24, 2014 had 12 enthusiastic volunteers collect 4.29 tonnes of trash. Since its inception in 2004, the total trash collected is 67.72 tonnes.
- Clean Up Crew in the District from May through October continued a partnership with the North Central Family Centre team.
- Improved security in the Warehouse District focusing on Labour Day weekend, the Saskatchewan Roughrider home game in September, and New Year's Eve.
- Annual Jane's Walk on May 3, 2014 saw 40 individuals attend an informative talk and walk around the block led by Rob Hubick from Heritage Regina.
- Published four editions of the newsletter.
- Regina & District Chamber of Commerce and Warehouse District piloted a Chamber event – "Discover Us" at the Regina Trades & Skills Centre on October 1, 2014. The event provided an opportunity to showcase the venue, Warehouse District members and provide some history on the BID.
- Explored the development of a Youth Strategy in the Warehouse District with stakeholders to inform planning work for 2015.

Regina Public Library (RPL)

The progress at the RPL exemplified the vision to be a strategic community leader that inspires lifelong learning and literacy in a welcoming environment, while respecting and celebrating the unique diversity of Regina.

Several projects and initiatives took place, including:

- Gathering opinions and ideas from Regina citizens about the Central Library and its place in our community. A report was developed to provide the RPL Board of Directors with key information about how best to move forward with the Central Library.
- Partnering with the City and other groups to continue work on the development of the North Central Shared Facility (NCSF).
- Introducing self-check machines into the Central Library and Central Children's Library. The self-service model is prevalent in large public libraries, and strengthens RPL's ability to ensure patron privacy, as well as minimize routine service line ups.
- Introducing a Literacy Café at the Glen Elm Branch, where patrons can learn or improve their English and study for the International English Language Testing System (IELTS) or General Education Development (GED) exams. A similar café also exists at Central Library.

Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2014

INTRODUCTION

The City of Regina 2014 Annual Financial Report contains the audited Consolidated Financial Statements prepared in accordance with principles and standards established by the Public Sector Accounting Standards (PSAS) of the Chartered Professional Accountants of Canada, as required by *The Cities Act*.

The discussion and analysis of the City of Regina's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should review the "Introduction" and "City of Regina Performance in 2014" contained within the Annual Report, notes to the financial statements and financial statements to enhance their understanding of the corporation's service efforts and accomplishments from both financial and non-financial perspectives.

HIGHLIGHTS

The consolidated financial statements combine the financial results of the City's divisions with the financial results of the agencies that are accountable to and controlled or owned by the City. These include:

- Regina Downtown Business Improvement District
- Regina's Warehouse Business Improvement District
- Regina Regional Opportunities Commission
- Regina Public Library
- Buffalo Pound Water Administration Board
- Regina Exhibition Association Limited

Key financial highlights for 2014 are as follows:

- The 2014 Consolidated Financial Statements report net financial assets of $52.0 million, a decrease of $55.9 million from $107.9 million at the end of 2013. Net financial asset position indicates financial resources are on hand to finance future operations.
- The 2014 Consolidated Financial Statements also show an excess of revenues over expenses of $146.7 million compared to $153.2 million 2013.
- The City's accumulated surplus increased from $1.447 billion at the end of 2013 to $1.611 billion at December 31, 2014. Virtually all of the accumulated surplus is tied up in non-financial assets, such as tangible capital assets. Non-financial assets were $1.558 billion at the end of 2014. Net financial assets are a better indicator of the financial resources on hand to finance future operations.
- Revenues increased by $93.9 million and expenses increased $100.4 million from 2013. The reason for the increase in revenue is primarily due to the increase in the mill rate and consolidation of Regina Exhibition Association Ltd.

Financial Statement Discussion & Analysis

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- The City's reserves increased by $6.9 million to $210.7 million.

Demographic and Economic Information

	2014	**2013**	**2012**	**2011**	**2010**
Population (Census Metropolitan area)*	217,490	211,202	205,660	197,470	195,650
Building permits					
Number	3,229	3,300	3,342	2,790	2,539
Values ($000)	628,109	734,737	773,273	547,700	426,800
Urban dwelling starts	1,954	3,122	3,093	1,694	1,347
Inflation rate for Regina (%)	2.4%	1.7%	1.8%	2.9%	1.5%
GDP Growth for Regina (%)	3.3%	3.5%	4.2%	6.1%	2.3%
Unemployment rate (%)					
Regina	4.2%	3.7%	3.6%	5.3%	4.8%
Saskatchewan	3.8%	4.0%	4.7%	5.0%	5.2%
Canada	6.9%	7.1%	7.2%	7.4%	8.0%
Average selling prices of homes ($)	313,903	311,047	301,332	268,000	258,000

* Population figure is for the Regina Census Metropolitan Area (CMA) as obtained from Statistics Canada, 91% of the CMA population is in Regina proper.

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REVENUES

The City of Regina had total operating and capital revenue of $680.5 million in 2014. This is an increase of $93.9 million. In the majority of revenue categories, actual revenues exceeded previous year's revenues.

Table 1: Revenues - Budget to Actual and Prior Year Comparison

	2014 Budget	2014 Actual	Budget Variance Favourable (Unfavourable)	2013 Actual	Year over Year Increase (Decrease)
Taxation	213,538	216,711	3,173	200,326	16,385
Fees and charges	184,512	193,182	8,670	161,208	31,974
Government transfers	112,837	88,684	(24,153)	74,335	14,349
Electrical distribution	20,636	23,124	2,488	20,596	2,528
Licenses, fines and levies	14,510	13,394	(1,116)	11,814	1,580
Gas distribution	5,800	7,587	1,787	6,739	848
Interest and penalties	1,285	1,661	376	1,406	255
Interest on portfolio investments	13,108	15,024	1,916	9,665	5,359
Realized gains (loss) on portfolio investments	-	3,488	3,488	(1)	3,489
Service agreement fees	3,087	10,979	7,892	25,374	(14,395)
Land sales	3,503	7,735	4,232	18,128	(10,393)
Other	7,734	7,119	(615)	10,060	(2,941)
Contribution of tangible capital assets	-	37,745	37,745	46,980	(9,235)
Restructuring	-	54,086	54,086	-	54,086
	580,550	680,519	99,969	586,630	93,889

The schedule above includes both operating and capital revenues.

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(in thousands of dollars)

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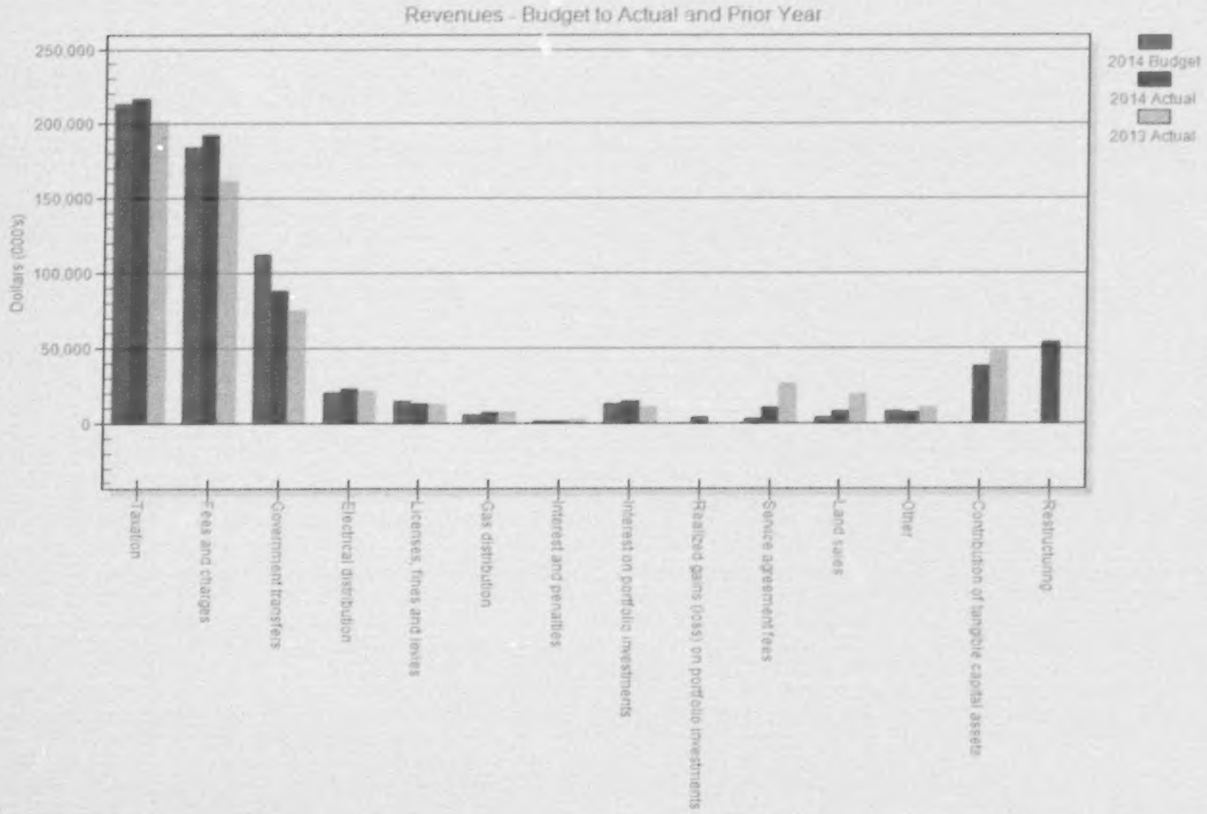
Table 2: Revenues - Budget to Actual and Prior Year



Financial Statement Discussion & Analysis

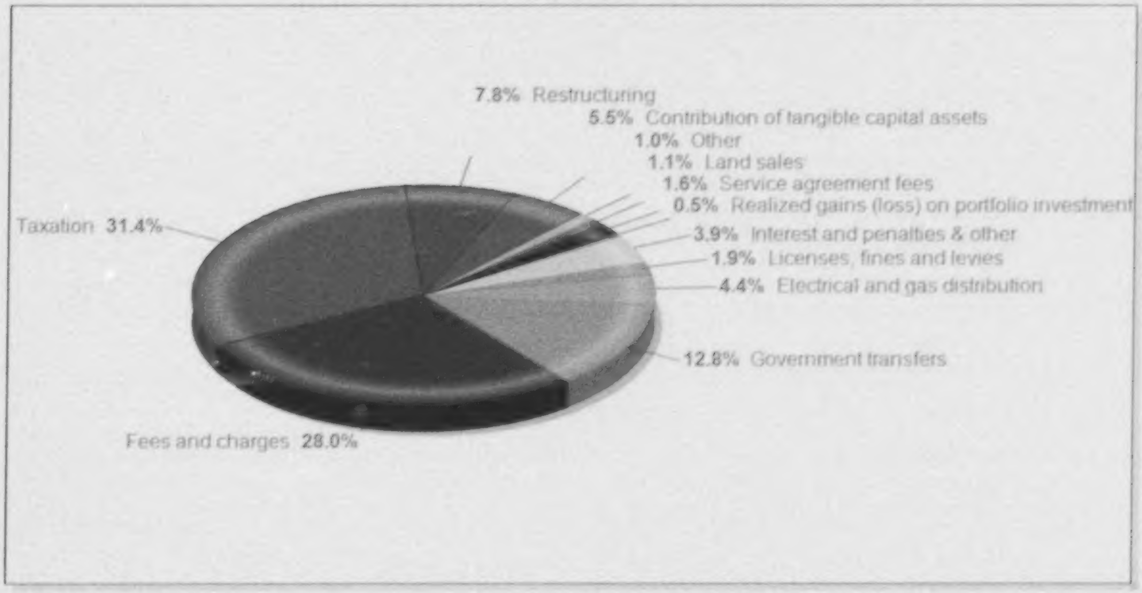
(in thousands of dollars)

December 31, 2014

Of the total revenue earned in the year, more than 60% is attributed to taxation and fees.

Table 3: 2014 Revenue by Type

2014 Revenue



Taxation revenue for 2014 was $16.4 million higher compared to 2013 primarily due to the number of properties coming onto the assessment roll during the year and a 5.88% increase in the mill rate. The City's taxable assessment roll grew by approximately 2% primarily due to new construction.

Fees and charges for 2014 were $32.0 million higher than 2013 due to Regina Exhibition Association Ltd. (REAL) being consolidated; REAL had $22.5 million in fees and charges. There was also an increase in sewer service charge, waste management fees, parking revenue and landfill charges which totaled $8.0 million.

Government transfers were $24.1 million below budget primarily due to RRI provincial grant which was budgeted at $44 million, and the actual amount recognized in 2014 was $25 million. The variability with budget is also due to capital grants, which vary from year to year. Government transfers in 2014 were $14.3 million higher than 2013 primarily due to the Provincial Grant received for the Stadium.

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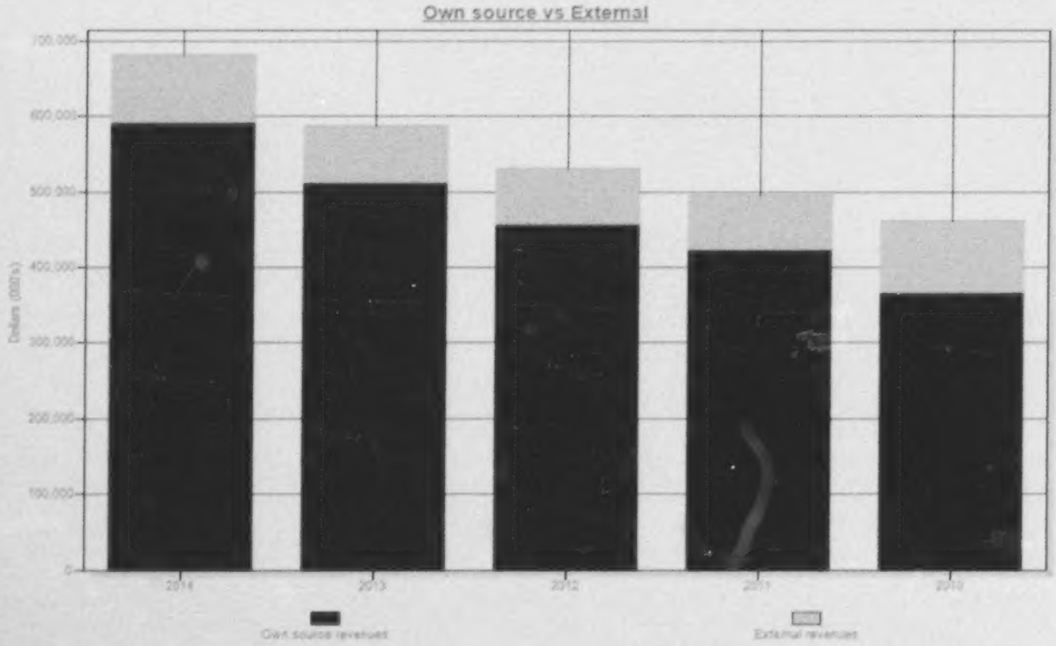
Service agreement fees for 2014 were $14.4 million lower than 2013. When a servicing agreement is entered into between the City and a developer, the fees collected are inflows of cash or accounts receivable to the City. Parks, roads and dedicated lands are initially recorded as deferred revenue pursuant to the revenue recognition principles. They are recorded as revenue when they are allocated to eligible projects. Utility servicing agreement fees is recorded as revenue upon receipt or signing of new SAF agreements in accordance with revenue recognition principles. Servicing agreement fees collected in a given year per agreements entered into are recorded as revenue or deferred revenue based on these principles. Deferred revenues related to servicing agreement fees increased from 2013 to 2014.

Contribution to tangible capital assets for 2014 were $37.7 million above budget since this item is not budgeted for. This revenue includes tangible capital asset, such as land, roads, and underground networks that the City receives at no cost or below fair market value as per development agreements. However, the City will be expected to maintain and rehabilitate these assets from this point forward.

Restructuring for 2014 was 54.1 million due to the consolidation of REAL.

The City's financial condition is reflected in the overall economic and financial environment and the City's ability to meet service commitments to the public, obligations to creditors, employees and others. An assessment of the City's sustainability, flexibility and vulnerability indicators are presented within the "Official Community Plan Results" presented earlier in this document. In addition to the sustainability, flexibility and vulnerability described on page 32 and 33, Table 4 reflects a comparison of own-source revenue to external revenues.

Table 4: Own Source vs External Revenue



Financial Statement Discussion & Analysis

(in thousands of dollars)

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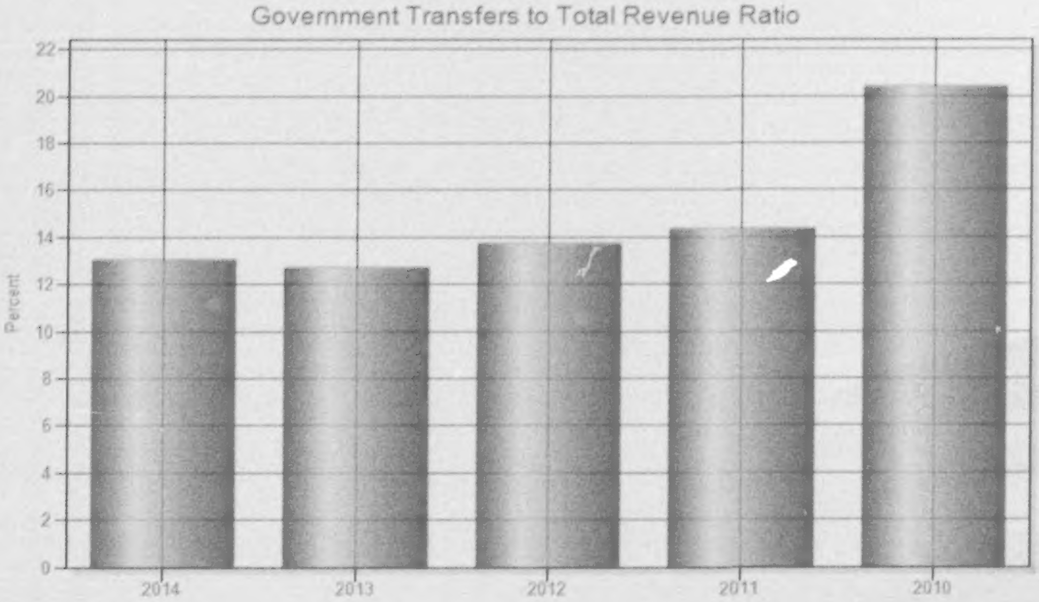
Own-source revenues, which include taxation, have increased over the past five years and external revenues have decreased, indicating that the City is becoming more self-sufficient in meeting its service level commitments. This is an indication of a decrease in the City's degree of vulnerability as a result of its reduction in a dependency on other levels of government for revenues. The City has decreased its reliance on government transfers from 21.2% of total revenue in 2010 to 13.0% in 2014, meaning the City is more able to fund essential programs and services from own-source revenues.

Vulnerability

One measure of vulnerability is Federal and Provincial government transfers to total revenues. An increasing dependence on other levels of government for revenues means that the City is increasingly vulnerable to the fiscal decisions of another. Reduced dependence on government transfers may reduce vulnerability but it could also impair sustainability if a government's own tax base has to replace the revenues lost from a reduction in transfer payments. A government that reduces its dependence on government transfers and correspondingly reduces its spending may avoid impairing its sustainability, but it could produce dissatisfaction among constituents.



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(in thousands of dollars)

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Table 5 provides a summary of the total revenue collected over the last five years. The top five revenue sources include taxation, government transfers, education distribution, fees and charges, and contribution of tangible capital assets (Table 6).

Table 5: Revenue Summary (Five Years)

Revenue Summary	**2014**	**2013**	**2012**	**2011**	**2010**
Taxation	216,711	200,326	174,843	165,224	154,746
Fees and charges	193,182	161,208	148,209	132,470	117,503
Government transfers	88,684	74,335	72,452	70,733	93,723
Electrical distribution	23,124	20,596	30,075	30,061	28,633
Licenses, fines and levies	13,394	11,814	11,421	11,097	10,166
Gas distribution	7,587	6,739	5,620	6,645	6,875
Interest and penalties	1,661	1,406	1,261	1,366	2,018
Interest on portfolio investments *	15,024	9,665	8,580	9,484	n/a
Realized gains (loss) on portfolio investments *	3,488	(1)	3,006	3,963	n/a
Service agreement fees	10,979	25,374	14,696	18,875	12,537
Land sales	7,735	18,128	2,667	9,871	3,636
Other	7,119	10,060	4,062	3,483	2,221
Contribution of tangible capital assets	37,745	46,980	51,753	29,711	27,386
Restructuring	54,086	-	-	-	-
	680,519	586,630	528,645	492,983	459,444

*The City did not start separately tracking interest on portfolio investments, and realized gains on portfolio investments, until 2010. The 2010 balances included interest and penalties.

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(in thousands of dollars)

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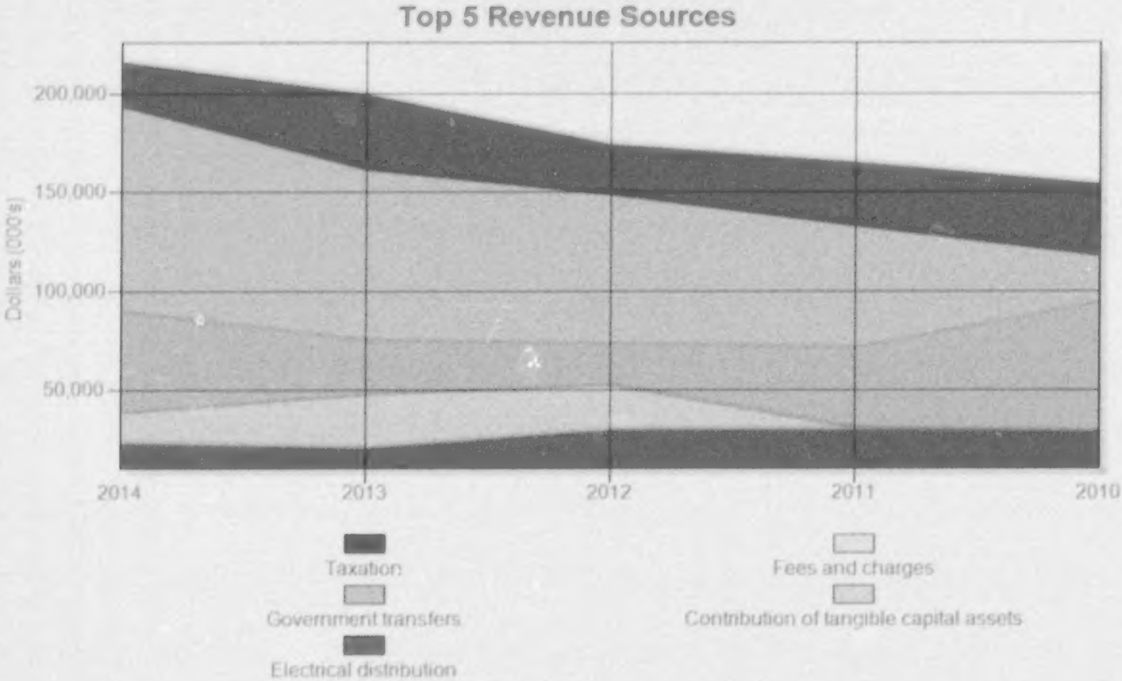
Table 6: Top Five Revenue Sources



Further detail on these five sources of revenue and the historical trend are described below.

Taxation revenue generally increases with growth and tax rate increases.

Taxation revenues result from municipal and library taxes levied on all properties in the City and business improvement levies assessed by the Business Improvement Districts on properties in the districts.

Property taxes are calculated by applying a mill rate and mill rate factor to each property assessment. The mill rate and mill rate factor together are known as the tax rate.

Taxable assessment x **Mill rate** x **Mill rate factor** = **Property tax**

Taxable Property Assessment
(in thousands of dollars)

Year	Total
2014	19,182,276
2013	18,611,010
2012	9,636,508
2011	9,470,294
2010	9,263,912

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Mill Rates					Business Improvement Levies	
Year	Municipal	Schools	Library	Total	Regina Downtown	Regina's Warehouse Business Improvement District
2014	8.9371		0.9216	9.8587	0.7388	0.7588
2013*	8.4404		0.8947	9.3351	0.7388	0.7588
2012	15.1059		1.6221	16.7280	0.8874	0.9785
2011	14.5389		1.5919	16.1308	0.8533	0.9785
2010	13.9797	-	1.5401	15.5198	0.8205	0.9785

* 2013 was a reassessment year and the mill rates and business improvement levies were restated to revenue neutral rates. The revenue neutral rates for 2013 were as follows:

Municipal mill rate - 8.4404
Library mill rate - 0.8947
Regina Downtown levy - 0.7388
Regina's Warehouse Business Improvement District levy- 0.7588

For 2010-2012 the rates are inclusive of any approved mill rate or levy increase.

- The Provincial Government announced changes to the way education costs are funded by the province and to the way that education property taxes are calculated beginning in 2009:

- The province now sets province wide mill rates to calculate the education tax for properties.
- The education tax credit program has been discontinued and education tax credits no longer apply.
- The province has changed the level of direct funding for school boards.
- The Province wide mill rates for 2010 are: Agricultural at 7.08, Residential (including Condominiums and Multi-family) at 10.08, Commercial & Industrial (tiered rates) – Assessment up to $499,999 at 12.25, Assessment of $500,000 to $5,999,999 at 15.75 and Assessment of over $6,000,000 at 18.55.

	Municipal Mill Rate Factors				
Property Class/Subclass	2014	2013	2012	2011	2010
Residential	0.87880	0.87880	0.90059	0.90059	0.90059
Condominiums	0.87880	0.87880	0.90059	0.90059	0.90059
Multi family residential	0.87880	0.87880	0.90059	0.90059	0.90059
Commercial and Industrial	1.32901	1.32901	1.22945	1.22945	1.22945
Golf courses	0.86359	0.86359	0.92187	0.92187	0.92187
Agriculture	1.32901	1.32901	1.22945	1.22945	1.22945

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(in thousands of dollars)

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Tax Levies and Collection

	2014	2013	2012	2011	2010
Municipal tax levy	197,821	170,239	158,121	149,201	139,614
School boards tax levy	119,687	115,717	115,480	112,162	114,690
Library tax levy	18,890	17,818	16,722	16,023	15,132
Total tax levy	336,398	303,774	290,323	277,386	269,436
Tax levy per capita - Municipal*	910	807	699	689	648
Tax levy per capita - School boards*	550	548	511	517	533
Tax levy per capita - Library*	87	84	74	74	70
Total tax levy per capita* ($)	1,547	1,438	1,284	1,280	1,251
Tax levy per household - Municipal**	2,307	1,986	1,859	1,755	1,642
Tax levy per household - School boards**	1,396	1,350	1,359	1,320	1,349
Tax levy per household - Library**	220	208	197	189	178
Total tax levy per household** ($)	3,923	3,544	3,415	3,264	3,169
Tax arrears, end of year (prior to allowance for doubtful accounts)	4,740	4,740	4,740	5,004	5,258
Arrears as a % of total tax levy	1.41%	1.56%	1.63%	1.80%	1.95%
Total taxes collected	331,412	309,372	297,651	282,664	274,996

* Population figure is for the Regina Census Metropolitan Area (CMA) as obtained from Statistics Canada, 91% of the CMA population is in Regina proper.

** Household figure from Stats Canada 2011 census (85,730) is for the Census Metropolitan Area. The 2010 to 2011 figures were based off the 2006 census (84,998).

*** Next census will be in 2016.

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Major Property Taxpayers in Regina in 2014

	Registered Owner	Total Taxable Assessment	% of Total Taxable Assessment
1.	Consumers' Co-operative Refineries Limited	245,455	1.28%
2.	Harvard Developments Inc.	145,489	0.76%
3.	Cornwall Centre Inc.	118,220	0.62%
4.	HDL Investments Inc.	97,194	0.51%
5.	Gordon Road Property Holdings Inc.	96,643	0.50%
6.	Boardwalk REIT Properties Holdings Ltd.	164,583	0.86%
7.	Westdale Construction Co. Limited	56,281	0.29%
8.	First Willow Developments Ltd.	55,890	0.29%
9.	Boardwalk REIT Properties Holdings Ltd.	58,435	0.30%
10.	Regina Airport Authority	59,260	0.31%
11.	101143561 Saskatchewan Ltd.	-	-%
12.	Fortis Properties Corporation	45,806	0.24%
13.	Enbridge Pipelines Inc.	43,489	0.23%
14.	Loblaw Properties West Inc.	44,223	0.23%
15.	Arts Victoria Square Ltd.	44,729	0.23%
	Total	1,275,697	6.65%
	Total 2014 taxable assessment	19,182,276	-

The list of major taxpayers does not include properties where grant or payments in lieu of property tax are paid.

Fees and charges revenue has generally increased due to rate increases, with some increase over the past few years due to higher building activity. The largest portion of the increase is attributable to increased water and sewer utility rates required to fund infrastructure improvement to meet water and sewer treatment quality standards.

Government transfers includes both operating and capital transfers and reflects the variability in various Federal and Provincial capital grant programs. The Provincial municipal operating grant (previously known as revenue sharing grant) is the largest single grant program available to the City of Regina. The following graph shows the Provincial municipal operating grants received by Regina since 1990.

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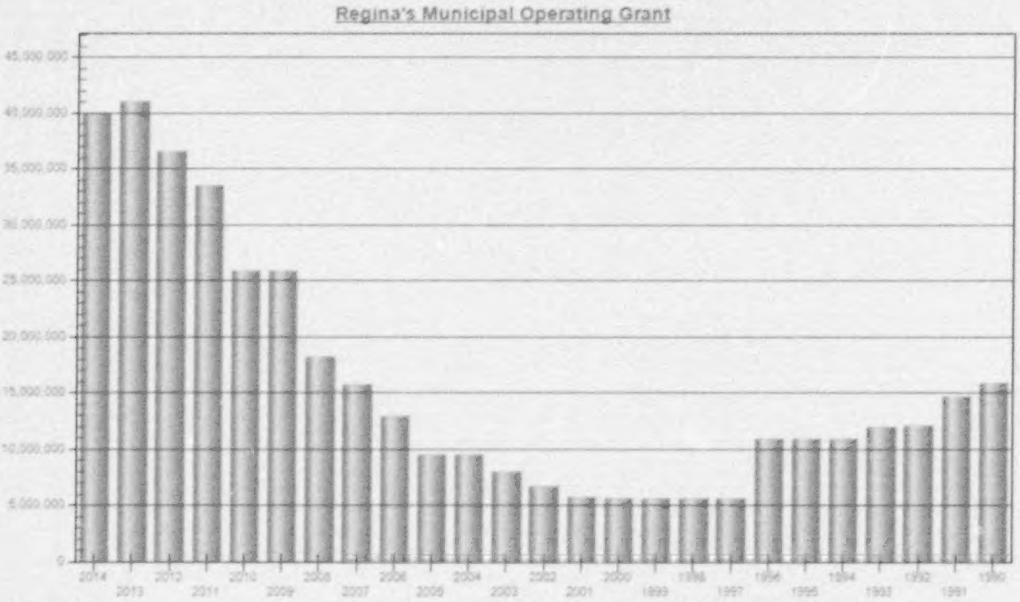

Electrical and gas distribution revenues reflect a trend of increasing rates for electricity and volatile rates for natural gas. Electrical consumption has been relative steady over the past ten years. Natural gas consumption increased by 4.7% in 2008, increased by 10.8% in 2009, decreased by 10.1% in 2010, increased by 1.1% in 2011,decreased by 6.5% in 2012 and increased by 9.2% in 2013.

Contribution of tangible capital assets reflect a trend of increased development in the City.

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EXPENSES

The total operating expenses incurred by the City of Regina totaled $533.8 million in 2014. This is an increase of $100.4 million (23.2%) from 2013, this increase is due to the consolidation of REAL and a combination of population growth and inflation. The population has increased by 2.9% in 2014 and the Municipal Price Index for Regina in the same period was 3.34%. Therefore, the combined increase of 6.54% contribute to increased City's expenses.

Table 7: Expenses – Budget to Actual and Prior Year Comparison

	2014 Budget	2014 Actual	Variance Favourable (Unfavourable)	2013 Actual	Increase (Decrease)
Parks, recreation and community services	94,951	95,132	(181)	64,050	31,082
Police	75,643	101,740	(26,097)	73,308	28,432
Legislative and administrative services	66,917	67,742	(825)	61,147	6,595
Water, wastewater and drainage	72,241	66,986	5,255	61,435	5,551
Roads and traffic	61,932	56,787	5,145	52,085	4,702
Fire	46,365	45,912	453	44,083	1,829
Transit	35,222	38,482	(3,260)	34,312	4,170
Waste collection and disposal	22,727	32,014	(9,287)	19,712	12,302
Grants	7,071	3,856	3,215	4,459	(603)
Planning and development	18,996	25,192	(6,196)	18,888	6,304
	502,065	533,843	(31,778)	433,479	100,364

The schedule above includes both operating and capital expenses.

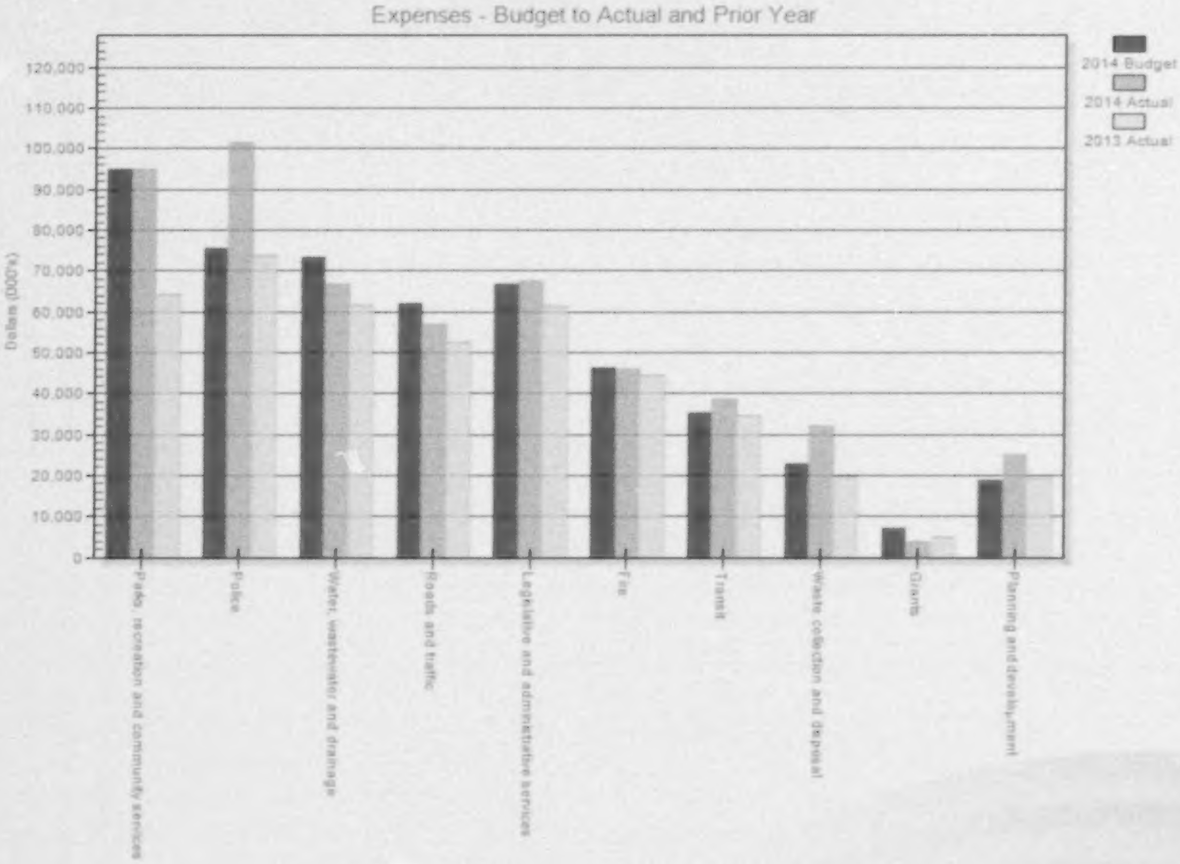
Of the total expenditures incurred, almost 62% is attributed to four areas: Parks, recreation and community services; Police; Legislative and administrative services and Water, wastewater and drainage.

Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2014

Table 8: Expenses – Budget to Actual and Prior Year

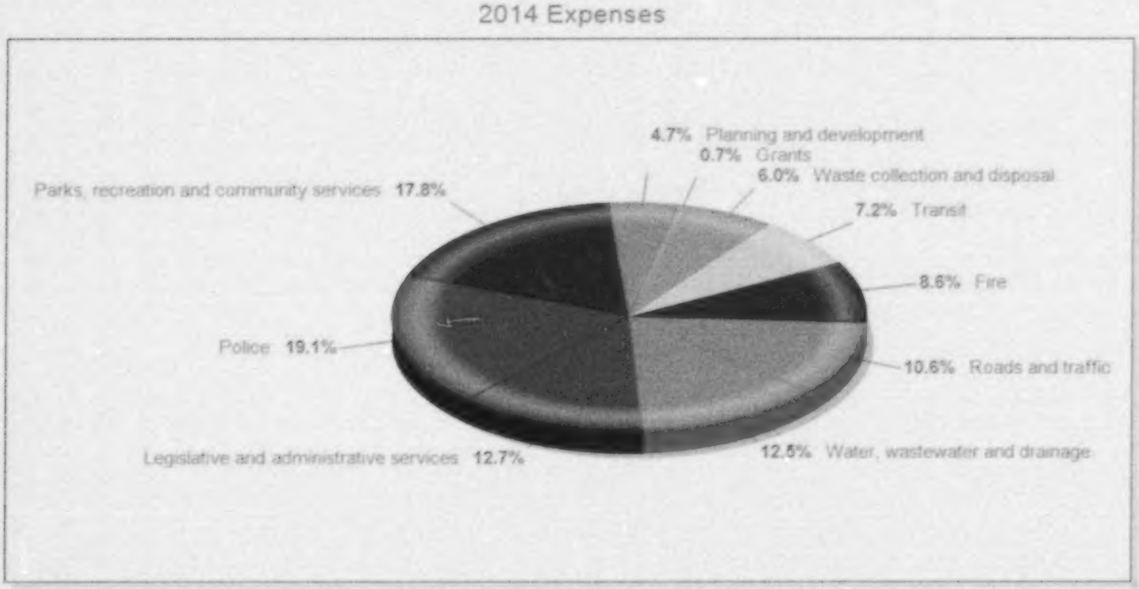


Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2014

Table 9: 2014 Expense by Type



Water, wastewater and drainage expenses were $5.5 million higher than 2013 due to an increase in payments made to EPCOR for existing facilities operation and maintenance payments. Amortization expense and wages and benefits also increased during the year relating to water, wastewater and drainage.

Legislative and administrative services expenses were $6.6 million higher than 2013 due to an increase in debenture debt interest. The City took out $200.0 million in debt in 2014 and therefore interest costs were much higher.

Parks, recreation and community services expenses exceeded 2013 actual by $31.0 million. The main reason for the increase is the consolidation of REAL.

Transit expenses were $4.1 million above 2013 results due to an increase in wages and benefits as well as an increase in fleet costs.

Financial Statement Discussion & Analysis

(in thousands of dollars)

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An analysis of the significant trends in expenses indicate that while the City of Regina's expenses have increased by $151.8 million over the last five years (Table 10), the increase is less than the five year increase in revenues indicating that the corporation has maintained sufficient funding to support the current level of services. Table 11 provides a graphic representation on the historical expenses by department.

Table 10: Expense Summary (Five Years)

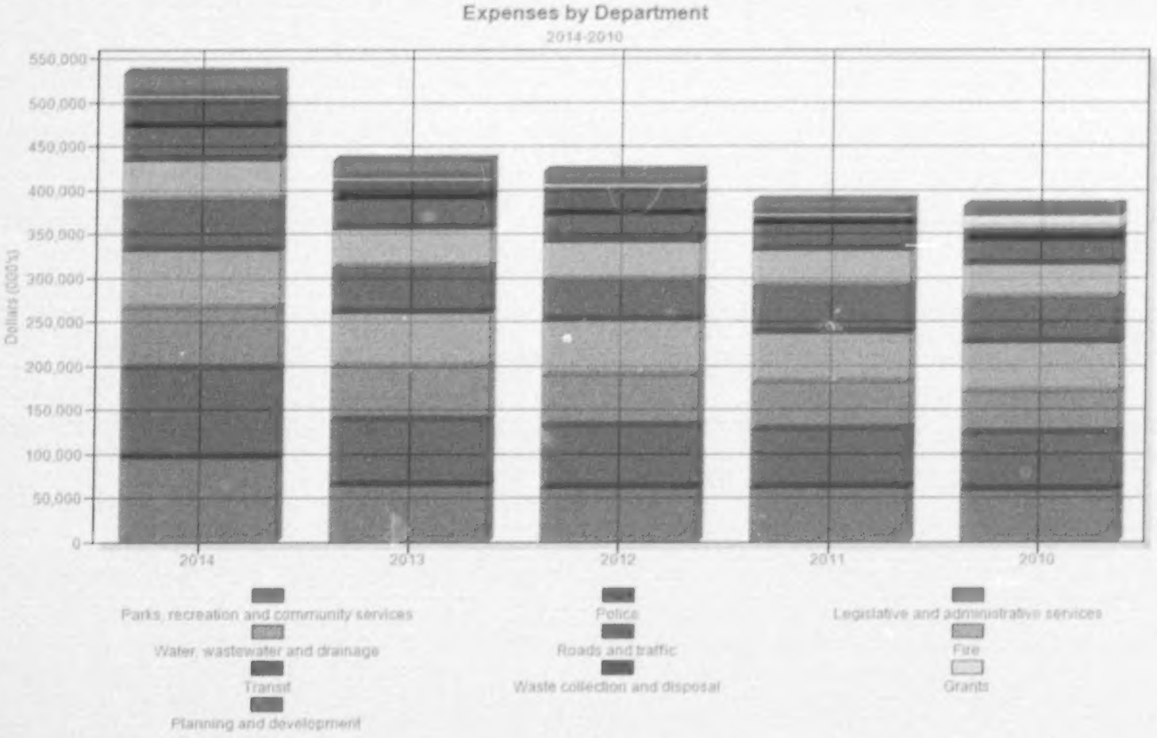
	2014	2013	2012	2011	2010
Parks, recreation and community services	95,132	64,050	61,422	61,593	57,843
Police	101,740	73,308	69,156	65,229	64,856
Legislative and administrative services	67,742	61,147	57,510	54,055	46,244
Water, wastewater and drainage	66,986	61,435	63,392	56,153	56,409
Roads and traffic	56,787	52,085	45,783	52,397	50,550
Fire	45,912	44,083	43,575	40,950	38,283
Transit	38,482	34,312	31,049	30,494	28,085
Waste collection and disposal	32,014	19,712	30,977	8,490	13,467
Grants	3,856	4,459	4,575	3,968	14,932
Planning and development	25,192	18,888	14,167	13,166	11,378
Total	533,843	433,479	421,606	386,495	382,047

Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2014

Table 11: Expenses by Department



Approximately 80% of the total expenses incurred by the City of Regina are attributed to wages and benefits, materials and contracted and general services. This has remained relatively constant for the last five years with wages and benefits making up more than 50% of the costs and material, supplies and contracted services being almost 30% (Table 12).

The increase in wages and benefits over the past five years has generally been due to increases in labor costs and an increase in the number of employees. The number of people employed by the City of Regina in the last five years, including casual staff, is as follows:

2014 - 3,840
2013 - 3,604
2012 - 3,579
2011 - 3,500
2010 - 3,390

Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2014

Table 12: Expense by Object

	2014	2013	2012	2011	2010
Wages and benefits	282,881	226,631	218,347	210,247	200,941
Materials, supplies and other goods	84,794	70,867	70,456	71,566	70,696
Contracted and general services	71,357	52,065	55,474	30,287	29,277
Transfer payments/grants	4,720	5,485	5,942	4,866	15,839
Utilities	15,380	16,110	12,557	14,124	13,163
Interest and bank charges	8,395	3,567	3,547	4,010	4,330
Amortization of tangible assets	66,316	58,754	55,283	51,395	47,801
Total	533,843	433,479	421,606	386,495	382,047

Financial Statement Discussion & Analysis

(in thousands of dollars)

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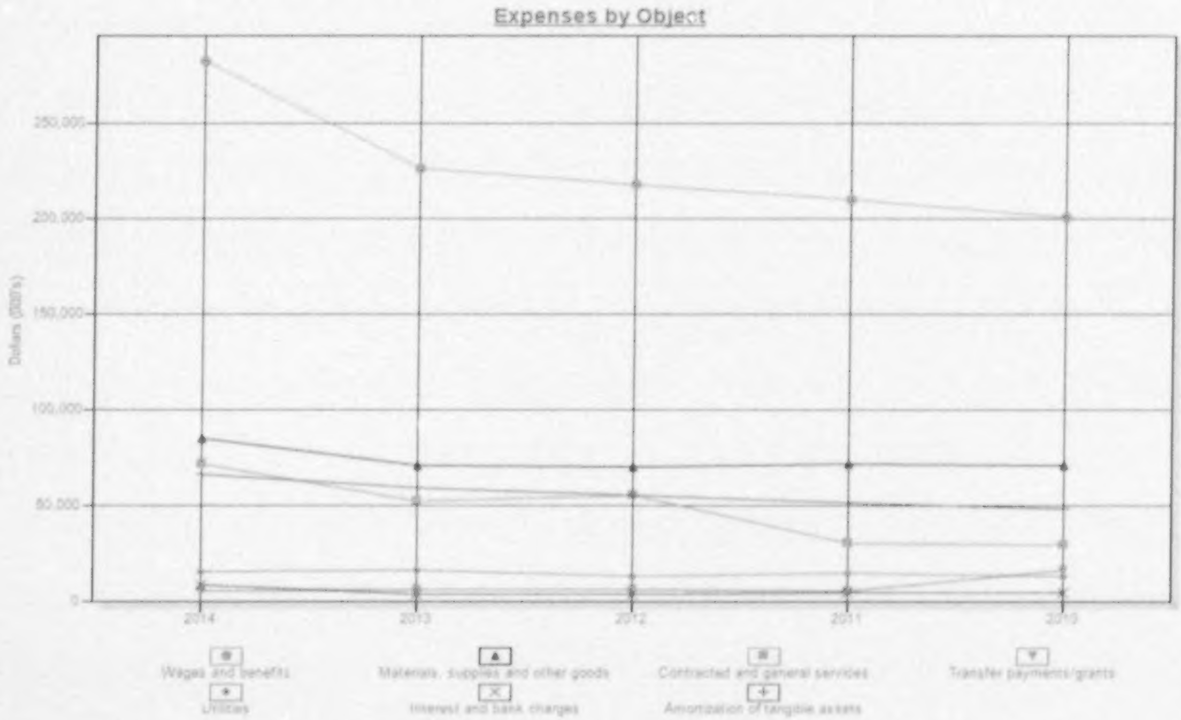
Table 13 and 14 provide a graphic display of the total expenses by object.

Table 13: Expense by Object



Financial Statement Discussion & Analysis

(in thousands of dollars)

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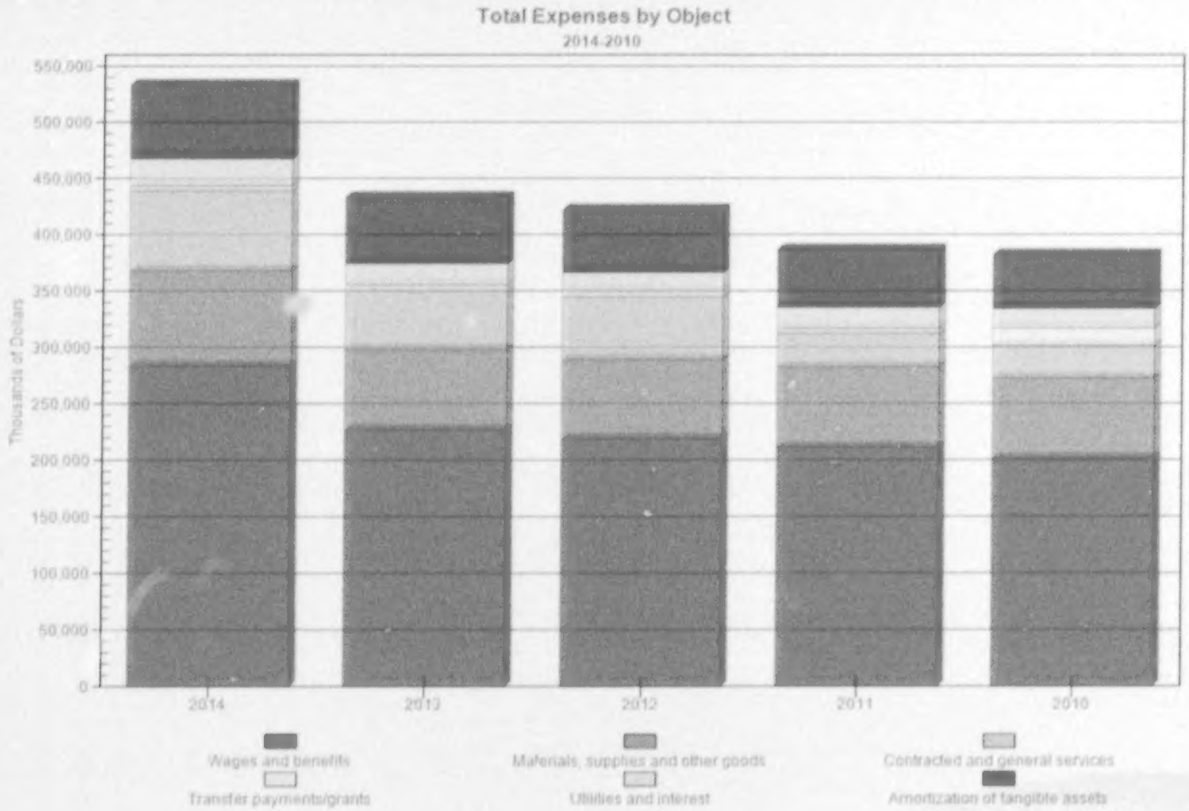
Table 14: Total Expense by Object



Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2014

GENERAL CAPITAL FUND

	Budget 2014	Actual 2014	Actual 2013	Actual 2012	Actual 2011	Actual 2010
Revenues						
Government transfers						
Federal	7,749	9,090	11,864	15,906	14,244	31,581
Provincial	55,361	29,626	7,051	282	5,527	8,527
Service agreement fees	1,305	1,697	11,126	1,343	9,419	6,790
Other revenues	401	1,513	850	590	20,594	17,606
	64,816	41,926	30,891	18,121	49,784	64,504
Expenses	99,026	64,939	63,258	53,239	54,414	53,841
(Expenses over revenues) revenues over expenses	(34,210)	(23,013)	(32,367)	(35,118)	(4,630)	10,663

Annually, City Council approves a capital plan to support the strategic plan and aging infrastructure of the City. The budget details each capital project based on the maximum forecast expenditure for the year to accommodate the planning and scheduling requirements associated with the projects. There is a higher degree of variability between actual and budget for capital project as there is typically a portion of the budget carried forward to future years for projects not completed within the fiscal year. At the end of 2014, the carry forward amount available in the General Capital and Utility Capital funds was $253.3 million (2013 - $126.9 million).

OTHER SIGNIFICANT TRENDS

Other significant trends for the City of Regina can be determined by analyzing the Statement of Financial Position for the past five years.

Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2014

Statement of Financial Position

	2014	2013	2012	2011	2010
Financial assets					
Cash	28,238	30,455	30,234	38,066	26,385
Short-term investments	269	374	670	12,608	5,604
Accounts receivable	42,941	62,377	61,278	51,829	52,720
Taxes receivable	4,406	4,527	2,854	2,871	3,284
Long-term investments	522,690	274,238	249,288	192,811	195,145
Property held for resale	329	349	42	73	276
	598,873	372,320	344,366	298,258	283,414
Financial liabilities					
Accounts payable and accrued liabilities	127,406	45,004	50,030	46,501	53,571
Taxes payable to school boards	6,010	5,442	5,919	5,053	4,894
Deferred revenue	44,234	35,452	28,928	17,853	16,424
Capital lease obligations	1,280	1,241	1,323	1,395	1,742
Long-term debt	228,087	77,200	81,550	89,900	98,250
Employee benefit obligations	82,221	52,743	52,009	51,110	48,926
Landfill closure and post-closure	57,630	47,337	44,160	27,186	31,658
	546,868	264,419	263,919	238,998	255,465
Net financial assets (liabilities)	52,005	107,901	80,447	59,260	27,949
Non-financial assets					
Tangible capital assets	1,549,388	1,324,081	1,207,572	1,121,240	1,044,820
Materials and supplies	7,516	6,754	5,807	6,287	5,241
Prepaid expense	2,077	8,241	-	-	-
ACCUMULATED SURPLUS (DEFICIT)	1,610,986	1,446,977	1,293,826	1,186,787	1,078,010
ANNUAL SURPLUS	146,676	153,151	108,777	90,844	56,144

Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2014

Investments

Fluctuations in short and long-term investments reflect the timing of debt issues, $200.4 million of debt was issued in 2014. Provincial and Federal government transfers, the timing of expenditures of the funding allocated to various capital projects, and management of investments to maximize interest revenue.

Accounts Receivable

Decrease in accounts receivable is due primarily to parks, roadways and utility development charges decreasing.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities increased by $82.4 million in 2014 due to a payable set up for PCL for $43.9 million relating to the Stadium, and a payable set up for EPCOR for $40.76 million relating to the Wastewater Treatment Plant.

Deferred Revenue

Deferred Revenues increased by $8.8 million which is primarily due to roadways development charges which increased by $5 million.

City of Regina Long-Term Debt (Non-Consolidated)

	2014	2013	2012	2011	2010
Total debt outstanding, beginning of year	77,200	81,550	89,900	106,600	28,000
Debt repayments during year	150,887	(4,350)	(8,350)	(8,350)	(8,350)
Total debt outstanding, December 31	228,087	77,200	81,550	89,900	98,250
General municipal debt outstanding, end of year	216,617	21,124	23,968	26,812	29,656
Water & Sewer Utility debt outstanding, end of year	11,470	56,076	57,582	63,088	68,594
Total debt outstanding	228,087	77,200	81,550	89,900	98,250
Authorized debt limit, December 31	450,000	450,000	350,000	200,000	200,000
Debt per capita ($)*	1,049	333	361	414	457
Debt per household ($)**	2,661	901	951	1,058	1,156
Debt per community assessed value	1.19%	0.41%	0.85%	0.95%	1.06%
Debt as a multiple of revenue	33.5%	13.2%	15.4%	18.2%	21.4%

*Population figure is for the Regina Census Metropolitan Area (CMA) as obtained from Statistics Canada, 91% of the CMA population is in Regina proper.

** Household figure from Stats Canada 2011 census (85,730) is for the Census Metropolitan Area. The 2010 to 2011 figures were based off the 2006 census (84,998).

Financial Statement Discussion & Analysis

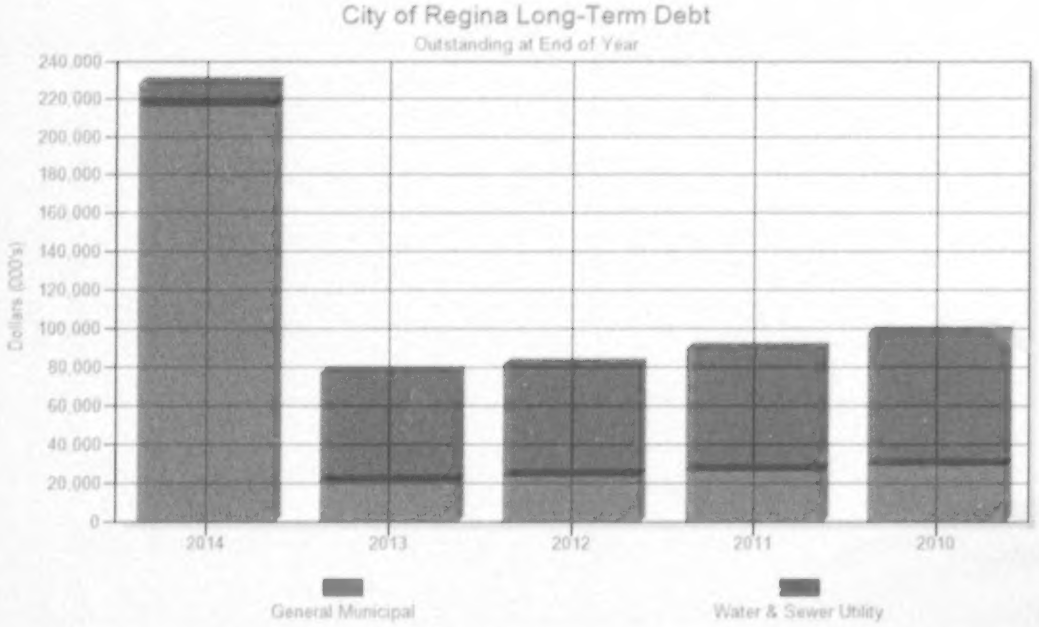
(in thousands of dollars)

December 31, 2014

Long-Term Debt

The City of Regina has an authorized debt limit of $450.0 million. This amount remains unchanged from 2013. The debt limit is approved by the Saskatchewan Municipal Board pursuant to the provisions of *The Cities Act*. When service agreement fees are included, the City is $221.9 million below its current debt limit.

Table 15: City of Regina Long-Term Debt



The City's tax-supported debt was $216.6 million at the end of 2014, while debt incurred to fund the Water and Sewer Utility was $11.5 million. The City issued $200.4 million of debt in 2014 due to the Regina Revitalization Initiative and the Waste Water Treatment Plant.

Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2014

The cost of servicing the debt over the past five years is presented in the table below.

Table 16: City of Regina Debt Service Cost

City of Regina Debt Service Costs

	2014	2013	2012	2011	2010
General municipal debt					
Principal	3,652	2,844	2,844	2,844	2,844
Interest	7,392	1,127	1,164	1,260	1,334
	11,044	3,971	4,008	4,104	4,178
Water and Sewer Utility					
Principal	44,606	1,506	5,506	5,506	5,506
Interest	1,684	2,256	2,383	2,649	2,868
	46,290	3,762	7,889	8,155	8,374
Total	57,334	7,733	11,897	12,259	12,552
Debt service costs as a % of total expenses	10.7%	1.8%	2.8%	3.2%	3.4%

Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2014

Employee Benefit Obligations

Employee benefit obligations include liabilities for pensions, sick and severance, vacation, and overtime. The increase in employee benefit obligations from 2010 to 2014 primarily reflects the impact of general wage increases and employees reaching the age of retirement. As a larger proportion of the City's work force reaches retirement age over the next five to ten years, the cash outlays relating to this obligation will continue to be significant.

Employee benefit obligations also include the liability for the Regina Police Pension. The Regina Civic Superannuation and Benefits Plan includes a larger group of employees, but since it is a multi-employer plan, it is not possible to determine the City's portion of the deficit and thus no amount is included in the statement of financial position for this plan. As disclosed in note 8 d) of the consolidated financial statements, an actuarial extrapolation completed of the plan for accounting purposes indicates a deficit of plan assets over the benefit obligation of $70.4 million at December 31, 2014 (2013 - $117.9 million deficit). The City and other employer parties in the plan have reached an agreement with Plan members and the pension regulator to reduce the plan deficit over the next 20 years.

	2014	2013	2012	2011	2010
City of Regina employer contributions	13,907	13,285	13,279	13,003	12,245

Tangible Capital Assets

The City implemented an accounting change in 2008 resulting in tangible capital assets being shown on the Statement of Financial Position. This change was required to comply with public sector accounting standards. Tangible capital assets are capitalized on the Statement of Financial Position at cost and amortized over their estimated useful lives on the Statement of Operations. In 2007 and prior years, tangible capital asset additions were expensed in the year of acquisition or construction. The City's tangible capital assets include land, buildings, vehicles and equipment, roads and bridges, and underground and other networks.

	2014	2013	2012	2011	2010
Tangible Capital Assets - Net Book Value	1,549,388	1,324,081	1,207,572	1,124,240	1,044,820

Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2014

Reserves and Accumulated Surplus

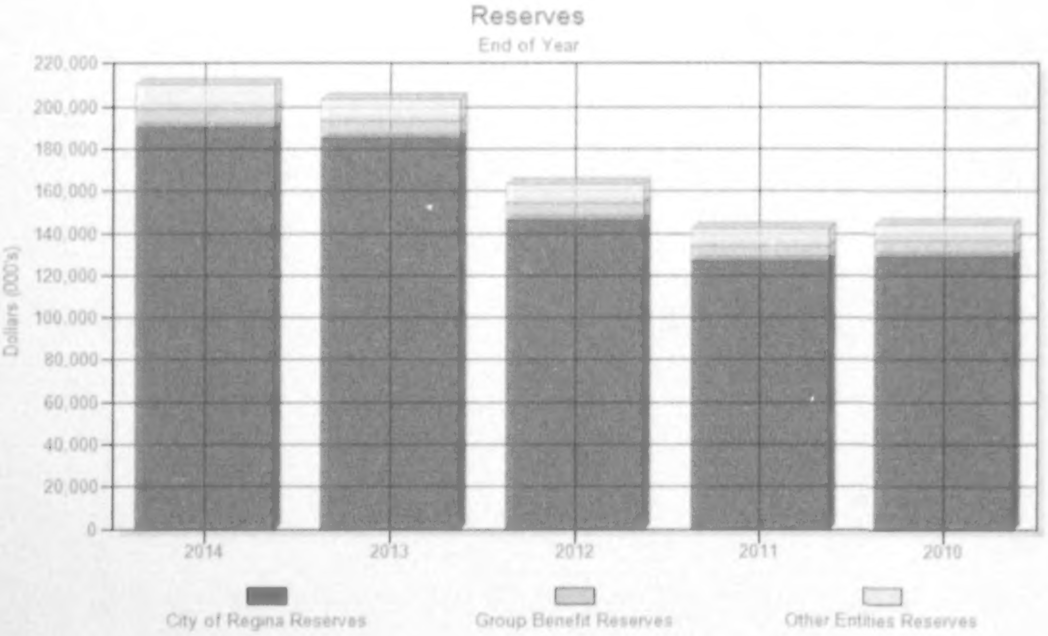
The City allocates funds to reserves to meet specific future operating and capital requirements. The largest reserves are the General Utility Reserve and General Fund Reserve, which are intended to provide funding in the event of an operating deficit, as well as for one time initiatives.

Reserves increased by $66.2 million from 2010 to 2014 due to the approved transfers to fund the eligible capital projects and other expenses.

The General Utility Reserve, which is included in the City Reserves, increased $6.9 million from 2010 to 2014 primarily due to Water and Sewer Utility Fund surpluses and return of funds from projects.

Reserve balances totaled $210.7 million at the end of 2014 (2013 - $203.8 million).

	2014	2013	2012	2011	2010
Reserves					
City of Regina Reserves	190,131	185,150	146,321	126,623	128,749
Group Benefits Reserves	8,827	8,041	7,801	7,621	7,559
Other Entities Reserves	11,714	10,617	9,127	8,033	8,166
	210,672	203,808	163,249	142,277	144,474



Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2014

MAJOR INITIATIVES

The City of Regina has undertaken two major initiatives:

1. Regina Revitalization Initiative
2. Wastewater Treatment Plan Upgrade

The Regina Revitalization Initiative was launched by the City of Regina in May 2011 as a vision to develop a new stadium and redevelop two large areas of land in Regina's inner-city. Construction began in 2014 and occupancy of the new stadium will be in 2017.

Wastewater Treatment Plan Upgrade

The Wastewater Treatment Plant Upgrade is a significant investment to meet new regulatory requirements, protect public health and our environment, address concerns of downstream residents and businesses, and meet the needs of our growing population now and for the future. Details on the commitment to this project are in the notes to the consolidated financial statements.

Regina Revitalization Initiative

The primary activity of the Regina Revitalization Initiative in 2014 was the construction of the new stadium, which will be ready for occupancy in 2017.

The following is a Statement of Financial Position and a Statement of Operations relating to the stadium portion of RRI:

Statement of Financial Position

	2014	2013
Financial assets		
Accounts receivable	10	-
Long term investments	214,600	-
	214,610	-
Financial liabilities		
Accounts payable and accrued liabilities	43,867	2,194
Long-term debt	197,904	-
	241,771	241,771
Net financial assets (liabilities)	(27,161)	2,194
Non-financial assets		
Tangible capital assets	62,855	11,138
ACCUMULATED SURPLUS (DEFICIT)	35,694	8,944

Financial Statement Discussion & Analysis

(in thousands of dollars)

December 31, 2014

Statement of Operations

	2014	**2013**
Revenues		
Taxation	1,482	715
Government transfers	25,000	5,000
Third party revenue	90	-
Interest on portfolio investments	5,823	322
Realized gains on portfolio investments	1,131	-
General fund reserve	-	2,500
City of Regina	-	734
	33,526	9,272
Expenses		
Interest expense	6,073	328
Commission on borrowing	703	328
	6,776	-
Annual Surplus	26,750	8,944
ACCUMULATED SURPLUS, BEGINNING OF YEAR	8,944	-
ACCUMULATED SURPLUS, END OF YEAR	35,694	8,944

MANAGEMENT'S REPORT

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements and all other information contained in this report are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). The preparation of the statements necessarily includes some amounts, which are based on the best estimates and judgments of management. Financial data elsewhere in this report is consistent with that of the financial statements.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded and that the financial records are reliable for the preparation of financial statements.

The Finance and Administration Committee, established by City Council, comprises five elected officials, along with the Mayor as an ex-officio member. The Committee, in addition to considering a variety of financial and administrative issues, reviews the content of the annual financial report for presentation to City Council, and reviews external audit reports.

Deloitte LLP Chartered Professional Accountants, the City's appointed external auditors, have audited the consolidated financial statements. Their report to the Mayor and City Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.

GDavies

Ed Archer, Chief Financial Officer
Corporate Services
June 22, 2015

Glen B. Davies,
City Manager & Chief Administrative Officer

Deloitte.

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Mezzanine Level
Bank of Montreal Building
Regina SK S4P 3Z8
Canada

Tel: 306-565-5200
Fax: 306-757-4753
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To His Worship the Mayor and Members of City Council

We have audited the accompanying consolidated financial statements of the City of Regina and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Regina and its subsidiaries as at December 31, 2014, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Professional Accountants

June 22, 2015
Regina, Saskatchewan

Consolidated Financial Statements

(in thousands of dollars)

December 31, 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2014	2013
FINANCIAL ASSETS		
Cash	$ 28,238	$ 30,455
Short-term investments (Note 4)	269	374
Accounts receivable (Note 3)	42,941	62,377
Taxes receivable	4,406	4,527
Long-term investments (Note 5)	522,690	274,238
Property held for resale (Note 12)	329	349
	598,873	372,320
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	127,406	45,004
Taxes payable to school boards	6,010	5,442
Deferred revenue (Note 18)	44,234	35,452
Capital lease obligations (Note 6)	1,280	1,241
Long-term debt (Note 7)	228,087	77,200
Employee benefit obligations (Note 8)	82,221	52,743
Landfill closure and post-closure (Note 10)	57,630	47,337
	546,868	264,419
NET FINANCIAL ASSETS	52,005	107,901
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	1,549,388	1,324,081
Materials and supplies	7,516	6,754
Prepaid	2,077	8,241
ACCUMULATED SURPLUS (Note 13)	$ 1,610,986	$ 1,446,977

Commitments and contingent liabilities (Note 11)

See accompanying notes to consolidated financial statements

Consolidated Financial Statements

(in thousands of dollars)

December 31, 2014

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

	Budget 2014	**Actual 2014**	Actual 2013
REVENUE			
Taxation (Note 15)	$ 213,538	**$ 216,711**	$ 200,326
Fees and charges	184,512	**193,182**	161,208
Government transfers (Note 16)	112,837	**88,684**	74,335
Electrical distribution	20,636	**23,124**	20,596
Licenses, fines and levies	14,510	**13,394**	11,814
Gas distribution	5,800	**7,587**	6,739
Interest and penalties	1,285	**1,661**	1,406
Interest on portfolio investments	13,108	**15,024**	9,665
Realized gains (loss) on portfolio investments	-	**3,488**	(1)
Service agreement fees	3,087	**10,979**	25,374
Land sales	3,503	**7,735**	18,128
Other	7,734	**7,119**	10,060
Contribution of tangible capital assets	-	**37,745**	46,980
Restructuring (Note 22)	-	**54,086**	-
	580,550	**680,519**	586,630
EXPENSES			
Parks, recreation and community services	94,951	**95,132**	64,050
Police	75,643	**101,740**	73,308
Legislative and administrative services	66,917	**67,742**	61,147
Water, wastewater and drainage	72,241	**66,986**	61,435
Roads and traffic	61,932	**56,787**	52,085
Fire	46,365	**45,912**	44,083
Transit	35,222	**38,482**	34,312
Waste collection and disposal	22,727	**32,014**	19,712
Grants	7,071	**3,856**	4,459
Planning and development	18,996	**25,192**	18,888
	502,065	**533,843**	433,479
Annual surplus	78,485	**146,676**	153,151
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	**1,446,977**	1,293,826
Restructuring (Note 22)	-	**17,333**	-
ACCUMULATED SURPLUS, BEGINNING OF YEAR AFTER RESTRUCTURING	-	**1,464,310**	1,293,826
ACCUMULATED SURPLUS, END OF YEAR	$ 78,485	**$ 1,610,986**	$ 1,446,977

See accompanying notes to consolidated financial statements

Consolidated Financial Statements

(in thousands of dollars)

December 31, 2014

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

	Budget 2014	**Actual 2014**	Actual 2013
Annual surplus	$ -	**$ 146,676**	$ 153,151
Acquisition of tangible capital assets	(247,405)	**(224,501)**	(178,499)
Amortization of tangible capital assets	66,316	**66,316**	58,754
Proceeds on disposal of tangible capital assets	-	**987**	622
Loss on disposal of tangible capital assets	-	**4,765**	2,614
Restructuring (Note 22)	-	**(54,086)**	-
Decrease in net financial assets upon REAL restructuring	-	**(1,910)**	-
	(181,089)	**(208,429)**	(116,509)
Net change in materials and supplies	-	**(355)**	(957)
Prepaid	-	**6,212**	(6,460)
	-	**5,857**	(7,417)
(Decrease) increase in net financial assets	(181,089)	**(55,896)**	29,225
NET FINANCIAL ASSETS, BEGINNING OF YEAR	107,901	**107,901**	78,676
NET FINANCIAL ASSETS, END OF YEAR	$ (73,188)	**$ 52,005**	$ 107,901

See accompanying notes to consolidated financial statements.

Consolidated Financial Statements

(in thousands of dollars)

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CONSOLIDATED STATEMENT OF CASH FLOWS

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Annual surplus	$ **146,676**	$ 153,151
Non-cash items		
Amortization of tangible capital assets	**66,316**	58,754
Loss on disposal of tangible capital assets	**4,765**	2,614
Contribution of tangible capital assets	**(37,745)**	(46,980)
Realized gains on portfolio investments	**(3,488)**	-
Restructuring (Note 22)	**(51,043)**	-
Net change in non-cash working capital balances		
Decrease (increase) in accounts receivable	**21,290**	(2,870)
Decrease (increase) in taxes receivable	**121**	(1,673)
Decrease in accounts payable and accrued liabilities	**(6,826)**	(5,026)
Increase (decrease) in taxes payable to school boards	**568**	(477)
Increase in deferred revenue	**7,099**	6,524
Increase (decrease) in capital lease obligations	**39**	(82)
Increase in employee benefit obligations	**29,478**	734
Increase in landfill closure and post-closure liabilty	**10,293**	3,177
Decrease (increase) in property held for resale	**20**	(307)
(Increase) in materials and supplies	**(355)**	(957)
Decrease (increase) in prepaid	**6,212**	(6,460)
	193,420	160,122
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Acquisition of tangible capital assets	**(102,134)**	(131,519)
Proceeds on disposal of tangible capital assets	**987**	622
	(101,147)	(130,897)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of short-term investments	**105**	296
Net increase in of long-term investments	**(244,964)**	(24,950)
	(244,859)	(24,654)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Debt issued	**200,400**	-
Repayment of long-term debt	**(50,031)**	(4,350)
	150,369	(4,350)
(DECREASE) INCREASE IN CASH POSITION	**(2,217)**	221
CASH POSITION, BEGINNING OF YEAR	**30,455**	30,234
CASH POSITION, END OF YEAR	$ **28,238**	$ 30,455

See accompanying notes to consolidated financial statements.

Consolidated Financial Statements

(in thousands of dollars)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of Regina (the City) are prepared by management in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Chartered Professional Accountants of Canada (CPA Canada). Significant aspects of the accounting policies adopted by the City are as follows:

a. Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, changes in accumulated surplus, changes in net financial assets and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises which are controlled by the City, namely:

- General operating and capital funds
- Water and sewer utility operating and capital funds
- Regina Public Library (RPL)
- Regina Regional Opportunities Commission (RROC)
- Regina Downtown Business Improvement District (RDBID)
- Regina's Warehouse Business Improvement District (RWBID)
- Regina Exhibition Association Ltd. (REAL)

Inter departmental and inter organizational transactions and balances have been eliminated.

The City has a 74.05% (2013 - 73.95%) interest in the Buffalo Pound Water Administration Board (BPWAB), a government partnership, that is proportionately consolidated.

The Regina Public Library has a 21.72% (2013 - 21.86%) interest in the Saskatchewan Information and Library Services Consortium Inc. (SILS), which has been proportionately consolidated.

The Regina Exhibition Association Ltd. (REAL) was incorporated in 1907 pursuant to an act of the Legislature of the Province of Saskatchewan, being C. 41, Statutes of Saskatchewan. On January 1, 2014, REAL was transitioned from the Province of Saskatchewan to the City and was continued under *The Non-Profit Act, 1995* (Saskatchewan) and the City became the sole owner of the issued Class A voting membership of REAL. See Note 22 for further details.

Consolidated Financial Statements

(in thousands of dollars)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Revenue recognition

Revenues are recorded using the accrual basis of accounting whereby revenues are recognized as they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Expenses are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

Property tax revenue is based on assessments determined in accordance with provincial legislation and the formulas, principles and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually. Taxation revenues are recorded net of a provision for potential losses on outstanding assessment appeals and uncollected taxes. By their nature, these provisions are subject to measurement uncertainty and the impact on the financial statements of future periods could be material (Note 15). Penalties on overdue taxes are recorded in the period levied.

Electrical distribution revenues consist of the municipal surcharge and payments in lieu of taxes received from SaskPower. The municipal surcharge revenue and payments in lieu of taxes are equal to 10% and 5%, respectively of the value of the supply of electrical energy provided by SaskPower to customers within the City limits.

Gas distribution revenues mainly consist of the payments in lieu of taxes received from SaskEnergy and TransGas. The payment in lieu of taxes received from SaskEnergy is equal to 5% of the fees levied by SaskEnergy to customers within the City limits. The payment in lieu of taxes received from TransGas is equal to 5% of the transportation fees and the deemed value of the gas transmitted by TransGas to consumers within the City limits. Pursuant to an agreement with the City for two major consumers who are served by TransGas, the 5% payments to the City in lieu of taxes are based on the transportation costs and the deemed value of the fuel stock consumed.

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria have been met, and reasonable estimates of the amounts can be made.

c. Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant estimates include accrued liabilities, employee benefit obligations, landfill liability, provision on tax appeals, and the amortization of tangible capital assets.

d. Investments

All investments are recorded at cost less write downs to reflect other than temporary declines in value. Investment transactions are accounted for at the trade date. Interest income is recorded on the accrual basis.

e. Materials and supplies

Inventories of materials and supplies are valued at the lower of net realizable value and average cost.

Consolidated Financial Statements

(in thousands of dollars)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Taxes collected for others

The City collects taxes for the Regina Separate School Board and the Regina Public School Board. These taxes, which are not included in the City's financial results, are remitted to the respective Boards less an amount to offset cancellations relating to school taxes and the City's cost in carrying the receivables.

g. Deferred revenue

The City receives service agreement fees, payments in lieu of parking and payments in lieu of dedication of land for public reserve under the authority of provincial legislation and City bylaws. The City also receives special taxes levied pursuant to Section 275 of *The Cities Act* which are to be expended on alley maintenance. As well, the City receives various government grants for special programs offered by either the Provincial or Federal governments. These funds are restricted as to their use and are not recognized as revenue until the fiscal period in which they are used to make qualifying expenses.

Deferred revenue also includes monies received in advance for taxes, transit passes, servicing and sub-division revenue, prepaid cemetery revenue and pre-season sales from the various recreational facilities.

h. Employee benefit plans

The City participates in contributory defined benefit or defined contribution pension plans for virtually all of its employees. Under the defined contribution plan, the City's obligations are limited to its contributions. These contributions are expensed in the period in which they are due and payable.

For defined benefit pension plans considered to be single-employer plans, the cost of pension benefits is actuarially determined using the projected benefit method prorated on service and the pension plan administrator's best estimate of expected salary and benefit escalation and retirement ages of employees. Market rates are used to measure the accrued benefit obligation as well as the assets of the pension plans. Actuarial gains and losses on pension obligations and/or pension fund assets are amortized over the average remaining service life of the related employee groups.

For defined benefit plans considered to be multi-employer plans, contributions are expensed when they are due and payable.

The City has various post-employment benefits and termination benefit obligations earned by employees and expected to be provided to them when they are no longer providing active service.

The obligations for vested sick leave, service or retirement allowances and other post employment benefits have been determined on an actuarial basis. The obligations for vacation pay and banked time in lieu of overtime have been accounted for at an undiscounted value at the current rate of pay.

Consolidated Financial Statements

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

General	
Land improvements	10 to 100 years
Buildings and building improvements	15 to 75 years
Vehicles and equipment	
Fire trucks and buses	15 to 30 years
Police vehicles	4 to 10 years
Other vehicles	2 to 25 years
Equipment	4 to 50 years
Office and information technology	
Hardware	2 to 15 years
Software	2 to 10 years
Other	10 years
Infrastructure	
Plants and facilities	5 to 75 years
Roads	1 to 40 years
Underground networks	5 to 100 years
Bridges and other structures	15 to 70 years

Assets under construction are not amortized until the asset is available for productive use.

Interest on debt used to purchase tangible capital assets is not capitalized.

Tangible capital assets received as contributions, which are primarily roads and underground networks, are recorded at their fair value at the date of receipt and also are recorded as revenue. Fair value is determined based on an estimate of the cost to construct the contributed asset.

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases and recorded as tangible capital assets. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Works of art and historical treasures are not recognized in these consolidated financial statements.

Consolidated Financial Statements

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December 31, 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Budget information

Budget information is presented on a basis consistent with that used for actual results, the budget was approved by Council on February 24, 2014.

2. NEW STANDARDS AND AMENDMENTS TO STANDARDS

A number of new standards and amendments to standards which may impact the City are not yet effective for the year ended December 31, 2014, and have not been applied in preparing these consolidated financial statements. In particular, the following new standard and amendment to standards are effective for fiscal years beginning on or after April 1, 2014:

PS 3260 Liability for Contaminated Sites

Standards and amendments effective for financial statements on or after April 1, 2016:

PS 1201, Financial Statement Presentation

PS 2601, Financial Currency Translation

PS 3041, Portfolio Investments

PS 3450, Financial Instruments

The extent of the impact on adoption of these standards is not known at this time.

3. ACCOUNTS RECEIVABLE

	2014	2013
Trade and other receivable	**26,956**	43,898
Water and sewer receivable	**13,949**	13,014
Government transfers receivable	**2,036**	5,465
	42,941	62,377

4. SHORT TERM INVESTMENTS

Short term investments are recorded at cost and have a fair value approximating cost. The investments are in a money market fund, holdings of which may include a combination of treasury bills, commercial paper, bankers' acceptances or promissory notes. The average yield earned from investments was 1.10% (2013 - 1.09%).

Consolidated Financial Statements

(in thousands of dollars)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. LONG-TERM INVESTMENTS

Long-term investments include investments in a pooled bond fund.

	Carrying Value		Fair Value	
	2014	2013	**2014**	2013
Pooled bond fund	**522,690**	274,238	**530,751**	266,969

A pooled bond fund is a group of individual bonds managed by an investment manager. The fair value of the pooled bond fund units is based on the market price per unit which is determined by the overall market values of each of the bonds in the fund.

6. CAPITAL LEASE OBLIGATIONS

The following is a schedule of future minimum lease payments under capital leases for computer equipment, software and building contracts along with the balance of the capital lease obligation:

2015	**538**
2016	**412**
2017	**330**
Total minimum lease payments	**1,280**
	1,280

7. LONG-TERM DEBT

Debenture debt

The City's long-term debt consists of $227,655 (2013 - $34,100) of unsecured debentures issued in the form of fully registered certificates held by The Canadian Depository for Securities Ltd. (CDS), on behalf of beneficial owners as direct and indirect participants of CDS. The debentures were issued for 10 year terms with principal payable either annually or semi-annually and interest payable semi-annually.

The City also has $nil (2013 - $43,100) of long term debt in the form of an unsecured debenture issued in the form of a fully registered certificate held by The Municipal Financing Corporation of Saskatchewan. Interest is payable semi-annually and the entire principal is due in 2014.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. LONG-TERM DEBT (CONTINUED)

	2014	2013
City of Regina unsecured debentures		
Operating fund	**216,185**	21,124
Utility fund	**11,470**	56,076
Loan payable	**432**	-
Total debt	**228,087**	77,200

	2014	2013
Authorized debt limit	**450,000**	450,000
Interest rates	**3.40-5.20%**	3.00-5.20%
Interest costs for year	**8,157**	3,143

Bank indebtedness

Pursuant to *The Regina Administration Bylaw 2003-69*, the City can incur bank indebtedness. Interest on this indebtedness is calculated at the prime rate of interest less 0.5%, payable monthly and the City has pledged certain revenues as security for the debt obligation. At December 31, 2014, the City had no bank indebtedness.

The long-term debt is repayable as follows:

2015	**6,052**
2016	**6,132**
2017	**6,143**
2018	**6,296**
2019-2045	**203,464**
	228,087

Consolidated Financial Statements

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. EMPLOYEE BENEFIT OBLIGATIONS

The City's employee benefit obligations to be funded in the future are as follows:

	Total 2014	Total 2013
Defined benefit pension plans		
Regina Police Superannuation and Benefits Plan	**29,360**	6,905
RPPP Supplemental Pension Plan (formerly "Regina Police Civilian Employees' Early Retirement")	**2,688**	662
Target Retirement Income Plan	**(1,099)**	-
	30,949	7,567
Other benefit plans		
Termination payments	**21,426**	17,596
Continuation of group life, medical and dental benefits	**10,279**	9,819
	31,705	27,415
Other plans and arrangements		
Vacation	**15,407**	13,646
Overtime	**3,785**	3,383
Other termination payments and pensions	**-**	388
Group life, medical and dental plans	**375**	344
	19,567	17,761
	82,221	52,743

a. Defined benefit pension plans

The Regina Police Superannuation and Benefits Plan is a defined benefit pension plan. As required by provincial legislation, an actuarial funding valuation is completed at least triennially.

By Memorandum of Agreement dated January 21, 2013 the City and the Employees' Pension Committee agreed to freeze the Regina Police Pension Plan (RPPP) as of June 30, 2014, and to establish the Target Retirement Income Plan (TRIP) for the Regina Police Service as of July 1, 2014. All active members in the RPPP moved over to the TRIP for service on or after July 1, 2014. There is no longer any active members accruing service in the RPPP.

Effective July 1, 2014, the Regina Police Superannuation and Benefits Pension Plan was amended per Amendment 2014-1 which served to close the plan to new entrants, freeze pensionable service, cease employee contributions and change the cost sharing arrangement of the plan such that the City assumes full responsibility for all past and future unfunded liabilities in the plan. Prior to this amendment, and as shown in the consolidated financial statements for prior years, the City was responsible for reporting approximately 51% of the plan's accrued benefit liability. As a result of the amendment to the plan effective July 1, 2014 the City is now responsible for reporting 100% of the plan's accrued benefit liability and as such the plan's assets, accrued benefit obligation and accrued benefit liability.

Consolidated Financial Statements

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

a. Defined benefit pension plans (continued)

The RPPP Supplemental Pension Plan supersedes and replaces The Regina Police Civilian Employees' Early Retirement Benefits Arrangement (CEERBA). The purpose of the plan is to provide certain early retirement pensions to civilian employees of The Regina Board of Police Commissioners whose early retirement pensions are reduced. These early retirement pensions were previously covered under the CEERBA and now form part of the new plan, however there are also reduced pensions that were not previously covered by CEERBA but now form part of the new plan.

An actuarial valuation of the defined benefit pension plans is performed using the projected benefit method prorated on service to determine the accrued benefit obligation and the expense to be recognized in the consolidated financial statements.

The results of the most recent actuarial valuations and significant assumptions utilized in these valuations are as follows:

	Target Retirement Income Plan	Police Pension Plan	RPPP Supplemental Pension Plan	Total 2014	Total 2013
Fair value of plan assets, beginning of year	-	137,892	-	137,892	127,009
Plan amendment	-	131,643	-	131,643	-
Employees' contributions	2,631	3,024	-	5,655	-
Employer contributions	2,229	4,739	-	6,968	6,573
Actual return on plan assets	(349)	33,835	-	33,486	13,091
Less benefits paid	(18)	(17,828)	-	(17,846)	(8,781)
Fair value of plan assets, end of year	4,493	293,305	-	297,798	137,892
Accrued benefit obligation, beginning of year	-	152,638	1,044	153,682	147,930
Plan amendment	-	147,401	1,520	148,921	-
Current period benefit cost	3,779	3,956	14	7,749	4,321
Interest on accrued benefit obligation	61	20,440	121	20,622	9,669
Actuarial loss (gain)	-	10,878	64	10,942	609
Less benefits paid	(18)	(17,828)	(75)	(17,921)	(8,847)
Accrued benefit obligation, end of year	3,822	317,485	2,688	323,995	153,682
Funded status, plan surplus (deficit)	671	(24,180)	(2,688)	(26,197)	(15,790)
Unamortized net actuarial loss (gain)	428	(5,180)	-	(4,752)	8,223
Accrued benefit asset (liability)	1,099	(29,360)	(2,688)	(30,949)	(7,567)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

	Target Retirement Income Plan	Police Pension Plan	RPPP Supplemental Pension Plan	Total 2014	Total 2013
Current period benefit cost	**3,779**	**3,956**	**14**	**7,749**	4,321
Net actuarial loss due to plan amendment	-	-	**1,519**	**1,519**	-
Loss due to plan settlements and curtailments	-	**14,154**	**399**	**14,553**	-
Amortization of actuarial loss	-	**3,138**	**47**	**3,185**	2,127
Employee contributions	**(2,631)**	**(3,024)**	-	**(5,655)**	-
Interest expense	**61**	**20,440**	**121**	**20,622**	1,364
Expected return on plan assets	**(79)**	**(18,847)**	-	**(18,926)**	-
Change in valuation allowance	**671**	-	-	**671**	-
Benefit expense	**1,801**	**19,817**	**2,100**	**23,718**	7,812

The actuarial valuations were performed by Aon Consulting Inc.

	Target Retirement Income Plan	Police Pension Plan	RPPP Supplemental Pension Plan
Date of most recent valuation	Jul 1, 2014	Dec 31, 2013	Dec 31, 2013
Discount rate (%)	6.50	6.80	6.80
Inflation rate (%)	2.50	2.50	2.50
Long term return rate on plan assets (%)	6.50	6.80	n/a
Rate of compensation increase (%)	3.00	3.00	3.00
Expected average remaining service years	13.13	13.20	13.20
Contribution rate as a percentage of salary:			
Members prior to July 1, 2014	n/a	11.33%-12.83%	0.00%
Members post July 1, 2014	6.80%-10.70%	0.00%	0.00%
City prior to July 1, 2014	n/a	11.83%-13.33%	variable
City post July 1, 2014	8.50%	6.19%	variable

Consolidated Financial Statements

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

b. Other benefit plans

Pursuant to union agreements eligible employees are entitled to termination payments based upon their unused sick leave or years of service.

Group life, medical and dental benefits represents the obligation for the continuation of group life insurance, dental and medical benefits for employees on long-term disability and the City's share of group life insurance for early retirees.

Retirees may continue group life insurance coverage to age 65 on a 50% cost shared basis with the City. Employee and employer premiums for continuation of group life insurance for employees on long term disability are fully funded through contributions maintained in a reserve. Medical and dental coverage for employees on long-term disability is provided on a 50% cost shared basis between the employee and employer.

A group life insurance plan is administered by Saskatchewan Blue Cross on a self insured basis, with a stop loss provision limiting losses to claims in excess of 150% of premiums for any calendar year. The primary components of the plan are funded equally by employer and employees. Dental and medical plans are also provided for most employees on a cost shared or employer funded basis.

For group life insurance, the balance of the employer and employee premiums collected in excess of claims are held in group insurance reserves, which are intended for future benefits and stabilization of premiums. The employer's portion of the obligations under the group insurance plan that will be funded from the reserves is reflected in Other Benefit Plans. Amounts held in the reserves that reflect obligations to be funded from employee contributions have been included in Accounts Payable and Accrued Liabilities. The balance of the group life insurance reserves, after reflecting the liabilities for the employee and employer share of future obligations, is $5,120 (2013 - $5,059). This amount has been included in Group Benefits Reserves (Note 14).

Actuarial valuations are performed to determine the accrued benefit obligation and the expense to be recognized in the financial statements. The results of and significant assumptions utilized in these valuations are as follows:

Consolidated Financial Statements

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December 31, 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

	City employees	Library employees	Group life, medical and dental plans	Total 2014	Total 2013
Accrued benefit obligation, beginning of year	**16,509**	**1,087**	**9,818**	**27,414**	28,553
Current period benefit cost	**1,216**	**81**	**1,797**	**3,094**	2,991
Interest on accrued benefit obligation	**557**	**32**	**336**	**925**	899
Actuarial (gain) loss	**3,205**	**(8)**	**(1,006)**	**2,191**	(2,579)
Less benefits paid	**(1,134)**	**(122)**	-	**(1,256)**	(2,078)
Change in assumptions	-	-	**(826)**	**(826)**	(329)
Unamortized net actuarial gain	-	**3**	**160**	**163**	(43)
Accrued benefit liability - unfunded	**20,353**	**1,073**	**10,279**	**31,705**	27,414

	City employees	Library employees	Group life, medical and dental plans	Total 2014	Total 2013
Current period benefit cost	**1,216**	**81**	-	**1,297**	1,333
Amortization of actuarial (gain) loss	**(75)**	**(4)**	-	**(79)**	(54)
Interest expense	**557**	**32**	-	**589**	547
Benefit expense	**1,698**	**109**	-	**1,807**	1,826

	Aon Consulting Inc.		Mercer
Date of most recent valuation	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014
Discount rate (%)	2.4	2.4	2.2-3.1
Rate of compensation increase (%)	4.0-4.9	3.6-5.5	3.6-3.7
Expected average remaining service years	11-15	9	n/a

c. Other plans and arrangements

Employees are entitled to vacation pay and overtime as outlined in administrative policies and/or contractual agreements. The liability for these benefits is determined using current rates of pay and is not discounted.

Out of scope employees are contractually entitled to certain pensions and termination payments. BPWAB employees are entitled to termination payments based upon years of service or unused sick leave. Benefits start to vest after 10 or 15 years of service and are recognized as expenses when they are vested.

Group life, medical and dental plans represents the liability for claims in progress and claim fluctuations under those plans at the end of the year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

d. Multi-employer defined benefit plans

Two multi-employer defined benefit plans provide benefits to employees of the City of Regina, the Qu'Appelle Health Region (the Regina General Hospital Division and Community Health Division), Buffalo Pound Water Administration Board, Regina Public Library, and the non-teaching staff of the Board of Education of the Regina School Division No. 4 of Saskatchewan. The following represents the amounts for these plans:

	Superannuation & Benefit Plan	Long-Term Disability Plan	**Total 2014**	Total 2013
Benefit expense	13,907	550	**14,457**	13,811
(Deficit) surplus of plan assets over benefit obligation per plan financial statements	(70,410)	24,154	**(46,256)**	(96,184)
Contribution rate as a percentage of salary:				
Members	9.42 - 13.96%	0.92%		
Employers	9.42 - 13.96%	0.92%		
City employee contributions	13,797	550	**14,347**	13,678
Date of most recent actuarial valuation	Dec 31, 2012	Dec 31, 2012		

The contributions by the participating employers are not segregated in separate accounts or restricted to provide benefits to the employees of a particular employer. The portion of the annual benefit costs and of the asset surpluses (deficits) that are attributable to the City cannot be easily determined.

Accordingly, the multi-employer plans are accounted for on the defined contribution basis. No portion of the asset (deficit) surplus of the plans are recognized in these consolidated financial statements. The benefit expense reflected in the consolidated financial statements is equal to the City's contributions for the year.

e. Defined contribution pension plan

The Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan is a defined contribution plan. Pension fund assets are invested in marketable investments of organizations external to the City. Benefit expense is limited to the City's contributions to the plan.

	2014	2013
Casual employee members' contribution rate	**3.00 %**	3.00 %
Elected official members' contribution rate	**6.95 %**	6.95 %
Members' contributions	**308**	302
Benefit expense	**308**	302

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2014	2013
General		
Land	**99,308**	92,948
Land improvements	**56,370**	51,326
Buildings and building improvements	**128,105**	56,835
Vehicles and equipment	**132,912**	121,897
Office and information technology	**8,280**	8,480
Infrastructure		
Plants and facilities	**198,431**	167,530
Roads	**340,394**	319,886
Underground and other networks	**446,777**	408,221
Bridges and other structures	**15,264**	15,551
	1,425,841	1,242,674
Assets under construction	**123,547**	81,407
	1,549,388	1,324,081

For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 3).

During the year, tangible capital assets of $72,874 were capitalized as a result of the transition of REAL on January 1, 2014. This transaction occured on a non-cash basis.

During the year write downs of assets were $nil (2013 - $nil). In addition, tangible capital assets contributed to the City totaled $37,745 (2013 - $46,980), which were capitalized and recorded as revenue at their fair value at the time of receipt.

During the year, tangible capital assets of $40,755 were included as assets under construction and a related accounts payable and accrued liability were recorded in relation to the Wastewater Treatment Plant.

During the year, tangible capital assets of $43,867 were included as assets under construction and a related accounts payable and accrued liability were recorded in relation to the Regina Revitalization Initative Stadium Project.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. LANDFILL CLOSURE AND POST-CLOSURE

Legislation requires closure and post closure care of solid waste landfill sites. Closure care includes final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

	2014	2013
Estimated closure and post-closure costs over 40 years after capacity is reached	**93,619**	84,618
Discount rate	**3.614 %**	4.469 %
Discounted cost	**63,975**	54,265
Expected year capacity will be reached	**2028**	2028
Capacity (m3):		
Used to date	**10,193,453**	9,871,000
Remaining	**1,122,247**	1,444,700
Total	**11,315,700**	11,315,700
Percent utilized	**90.08 %**	87.23 %
Liability based on the percentage used	**57,630**	47,337

The liability recognized in the financial statements is subject to measurement uncertainty. The recognized amounts are based on the City's best information and judgment. Amounts could change by more than a material amount in the long term.

The unfunded liability for the landfill will be paid for per the annual approved budget where capital expenditures will be funded from the Solid Waste Reserve and operational expenses will be funded through the operating budget, resulting in a reduction in the transfer to the Solid Waste Reserve.

Financial assurance on projects related to construction liability, including landfill are handled as follows:

Requirement of a Performance Bond and a Labour & Material Payment Bond, both in the amount of 50% of the total contract price for each contract. The Performance Bond is typically in place through the 2-year warranty period and provides assurance that the contractor will perform and complete the contracted work. If they do not the bonding company will either take over the project to completion or compensate the owner up to the value of the bond for completion of the work. The labour & material payment bond protects the owner from a general contractor not paying their subcontractors or material suppliers. The bonding company would pay any unpaid subcontractors or material suppliers up to the value of the bond.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. LANDFILL CLOSURE AND POST-CLOSURE (CONTINUED)

Builder's Lien Holdback - A provincial act requires that the City withhold payment each progress certificate for 45 days. Similar to the labour & material payment bond the intent is to protect subcontractors and material suppliers who do not get paid by the general contractor.

Deficiency Holdback - The City contract provides the right for the owner to withhold payment for deficient work. Typically the holdback is not released until the deficiency is corrected and in some case it will not be released if the contractor decides to not complete the work.

Insurance - The City contract requires the general contractor to have insurance jointly in the name of the City for each project. The City has fairly significant general requirements for all contracts and include special insurance requirements for unique projects. ie. environmental insurance for environment selective projects.

11. COMMITMENTS AND CONTINGENT LIABILITIES

1) As at December 31, 2014, the expected commitment related to the Wastewater Treatment Plant is $441,782. The P3 Canada Fund has approved federal funding for up to 25% of the eligible costs, this funding is estimated at approximately $48,200. The Wastewater Treatment Plant is being pursued as a P3 project and has qualified for P3 funding from the Government of Canada. On May 29, 2014 the City announced that EPCOR Water Prairies Inc. has been chosen as the preferred proponent to design, build, finance, operate and maintain the City's new Wastewater Treatment Plant. EPCOR has taken on operations for the existing facility. The new facility is expected to be substantially complete in December 2016. EPCOR will also operate the new facility until June 2044.

The payment schedule is as follows:

	Total
2015	**6,736**
2016	**86,206**
2017	**11,680**
2018	**11,385**
2019 through 2044	**325,775**
	441,782

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

2) Mosaic Stadium Replacement – The City entered into an agreement on May 7, 2014 to design, build and finance the Regina Revitalization Initiative (RRI) Stadium Project. Construction of the new Mosaic Stadium started in May of 2014 and the target completion date is August 2016.

The target payment schedule is as follows:

Payments:	**Amount**	**Payment Target Date**
Milestone payment #1	**45,216**	May 31, 2015
Milestone payment #2	**48,257**	September 30, 2015
Milestone payment #3	**28,440**	December 31, 2015
Milestone payment #4	**22,739**	April 30, 2016
Substantial completion payment	**82,671**	August 31, 2016
Total	**227,323**	

3) Taylor Field Neighbourhood – this project relates to the development of the area where the current Mosaic Stadium is located. Significant work is not expected to start until the stadium is decommissioned in 2017. No expenditures were incurred in 2014.

4) Railyard Renewal – this project relates to the development of the old CP Railyard. 2014 net expenditure for the Railyard Renewal Project (CP Lands) was $151.

5) North Central Shared Facility Expense Sharing Agreement - the expense sharing agreement is made between the Board of Education of the Regina School Division No. 4 of Saskatchewan, the City and the Regina Public Library Board. The City's share is 21.36% and based on that the City has authorized a maximum contribution of $8,800.

12. PROPERTY HELD FOR RESALE

Property acquired through the tax enforcement process and held for sale is recorded at the lesser of cost and net realizable value. Cost is equal to the outstanding taxes including any applicable penalties, as well as the costs incurred in acquiring the land. The valuation allowance reflects a potential reduction in the carrying value that may be realized upon sale. Land acquired other than through the tax enforcement process and held for sale is recorded at lower of cost or net realizable value.

	2014	2013
Property held for resale	**609**	661
Valuation allowance	**(609)**	(651)
Property held for resale, net of allowance	-	10
Acquired property held for resale, net of allowance	**329**	339
	329	349
Property held for resale, estimated fair value - unaudited	**12,953**	6,717

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13. ACCUMULATED SURPLUS

Accumulated surplus represents the equity of an organization. In determining accumulated surplus, revenues and expenses are recognized as they are earned and incurred, according to PSAS.

Council through its annual budget process and other policies and bylaws may fund certain amounts on a basis that differs from the expense recognition basis prescribed by PSAS.

Unappropriated surpluses represent equity relating to certain entities consolidated within the City's financial statements that have not been designated for a specific use by that entity.

Appropriations for capital projects and reserves represent amounts that have been internally restricted for specific purposes.

Obligations to be funded from future revenues represent amounts recognized as expenses according to PSAS, that will be funded from future revenues.

Infrastructure to be funded from future service agreement fees represent infrastructure that has been constructed by the City, the costs of which are expected to be funded from future service agreement fees.

	2014	2013
Unappropriated surpluses:		
Regina Downtown Business Improvement District	**96**	(270)
Regina Regional Opportunities Commission	**71**	243
Regina Public Library	**1,606**	1,281
Regina's Warehouse Business Improvement District	**35**	(40)
Regina Exhibition Association Ltd.	**892**	-
Tangible capital assets	**1,549,388**	1,324,081
Appropriated surpluses:		
General capital projects	**233,262**	67,805
Utility capital projects	**20,014**	59,095
Reserves (Note 14)	**210,672**	203,808
Infrastructure to be funded from future service agreement fees:		
Water, wastewater and drainage	**(35,832)**	(30,505)
Obligations to be funded from future revenues:		
Long-term debt	**(228,087)**	(77,200)
Employee benefit obligations	**(82,221)**	(52,743)
Landfill closure and post-closure	**(57,630)**	(47,337)
Capital lease obligations	**(1,280)**	(1,241)
Accumulated surplus	**1,610,986**	1,446,977

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. RESERVES

	2014	2013
City of Regina reserves:		
General utility reserve	**68,825**	85,179
Facility reserve	**800**	600
General fund reserve	**30,731**	27,574
Landfill reserve	**16,421**	21,402
Regina revitalization initiative-stadium reserve	**32,875**	710
Land development reserve	**4,309**	17,710
Asset revitalization reserve	**10,029**	5,611
Equipment replacement reserve	**4,061**	4,534
Social development reserve	**4,664**	5,654
Operational commitments reserve	**321**	161
Planning & sustainability reserve	**7,969**	6,726
Winter road maintenance reserve	**3,563**	3,523
Regina Police Service general reserve	**714**	1,440
Asphalt reserve	**1,502**	819
Grants reserve	**529**	512
Golf course reserve	**508**	554
Technology reserve	**572**	757
Employer provided parking reserve	**884**	685
Cemetery reserve	**472**	507
Pest management reserve	**337**	337
Regina Police Service radio equipment reserve	**45**	155
	190,131	185,150
Group Benefits reserves:		
Group life insurance reserve	**5,120**	5,059
Dental benefits reserve	**2,103**	1,739
Medical - City of Regina reserve	**1,071**	735
Police services premium reduction reserve	**375**	378
Police long-term disability reserve	**158**	130
	8,827	8,041
Other Entities`reserves:		
Regina Public Library reserves	**8,937**	8,236
Buffalo Pound Water Administration Board capital replacement reserve	**2,127**	1,913
Regina Downtown Business Improvement District reserve	**471**	329
Regina's Warehouse Business Improvement District infrastructure reserve	**179**	139
	11,714	10,617
	210,672	203,808

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. TAXATION REVENUE

	Budget 2014	**Actual** **2014**	Actual 2013
Total taxation revenue levied	-	**336,398**	303,774
Taxies levied on behalf of others:			
Regina School Division No. 4	-	**(82,110)**	(79,505)
Regina Roman Catholic Separate School Division No. 81	-	**(37,577)**	(36,212)
Taxation revenue	218,084	**216,711**	188,057
City of Regina			
Municipal levies	169,759	**170,117**	154,450
Grants in lieu	21,279	**22,561**	11,350
Supplementary taxes	2,000	**2,135**	1,660
Other	2,175	**1,828**	1,761
	195,213	**196,641**	169,221
Regina Public Library			
Taxation levies	17,314	**17,680**	16,594
Grants in lieu	1,235	**1,210**	1,224
	18,549	**18,890**	17,818
Regina Downtown Business Improvement District levies	870	**948**	776
Regina's Warehouse Business Improvement District levies	221	**232**	242
	214,853	**216,711**	188,057

Taxation revenues are recorded net of an allowance for uncollectible outstanding taxes and a provision for potential losses on assessment appeals outstanding. As at December 31, 2014, the following amounts are reflected in the Statement of Financial Position for these provisions:

Allowance for doubtful outstanding taxes netted against taxes receivable	-	**2,698**	2,252
Provision for assessment appeals included in accounts payable	-	**1,588**	2,825

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. GOVERNMENT TRANSFERS

	Budget 2014	**2014**	2013
Operating transfers			
Federal	40,369	**40,344**	665
Provincial	9,358	**9,624**	54,755
	49,727	**49,968**	55,420
Capital transfers			
Federal	7,749	**9,090**	11,864
Provincial	55,361	**29,626**	7,051
	63,110	**38,716**	18,915
	112,837	**88,684**	74,335

Government transfers do not include grants in lieu of taxes received from the Federal and Provincial governments. These amounts are included with taxation revenue (Note 15).

17. GOVERNMENT PARTNERSHIP

BPWAB operates under an agreement between the Cities of Moose Jaw and Regina. Its purpose is to operate the water treatment plant at Buffalo Pound Lake and to supply water to the two cities at cost. Any (recovery) distribution of annual operating (deficit) surplus is shared between the cities according to their respective usage.

The following is a schedule of relevant financial information as stated within the financial statements of BPWAB for the year ended December 31, 2014 in thousands of dollars. Please note there are no known contractual obligations or contingencies as at December 31, 2014. These amounts represent 100% of the Board's financial position and activities:

	2014	2013
Financial assets	**4,650**	4,306
Tangible capital assets	**22,078**	23,094
Other non-financial assets	**133**	98
Total assets	**26,861**	27,498
Total liabilities	**2,396**	2,260
Net assets	**24,465**	25,238

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. GOVERNMENT PARTNERSHIP (CONTINUED)

	2014	2013
Revenue	**10,383**	10,717
Expenses	**11,421**	11,439
Net loss	**(1,038)**	(722)

The above amounts are proportionately consolidated within the consolidated financial statements at 74.05% (2013 – 73.95%), the City's interest in the government partnership. After eliminating transactions between the City and the partnership, the following amounts have been included in the consolidated statements:

	2014	2013
Financial assets	**2,734**	2,190
Financial liabilities	**(903)**	(689)
Non-financial assets	**17,174**	17,150
Net assets	**19,005**	18,651
Revenue	**974**	1,151
Expenses	**7,427**	7,272

18. DEFERRED REVENUE

	December 31, 2013	Externally restricted inflows	Revenue earned	**December 31, 2014**
Provincial/Territorial Base Fund	1,514	-	(1,514)	-
Service agreement fees	22,101	11,957	(1,388)	**32,670**
Property taxes	859	-	165	**1,024**
Paved Alleys	1,742	695	(24)	**2,413**
Gravel Alleys	637	307	-	**944**
Cemetery Internments	634	47	-	**681**
REAL	-	1,111	-	**1,111**
Other	7,965	616	(3,190)	**5,391**
	35,452	14,733	(5,951)	**44,234**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. FUNDS HELD IN TRUST

The City of Regina administers the following trusts. As related assets are not owned by the City, the trusts have been excluded from the consolidated financial statements. Following is a summary of the net assets of the trusts:

	2014	2013
Perpetual Care Trust	**2,622**	2,614
Williamson Driver Award	**5**	5
	2,627	2,619

20. SEGMENTED INFORMATION

The City is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, and public transit, and water. A new organizational structure was introduced in 2014 and formally took effect August 1, 2014, the key changes included that two groups were created. Operations Group is led by a Deputy City Manager/Chief Operations Officer and Corporate Services Group is led by Chief Financial Officer. Two Executive Directors are still in charge of Legal, and Governance and Strategy. The three divisions under Operations Group are City Services, Community Planning and Development, and Transportation & Utilities. The segmented information in these statements has been adjusted to reflect the new organizational structure described. For management reporting purposes the City's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. The financial activities of the City reported by Fund are included in Schedule 1. City services are provided by groups/divisions and their activities are reported in these funds. Certain divisions that have been separately disclosed in the segmented information in Schedule 2, along with the services they provide, are as follows:

a. City Services

City Service includes Community Services, Service Regina, Parks and Open space services and Public Transportation Services providing external customer services to public residents.

b. Transportation and Utilities

Transportation and Utilities is responsible for ensuring the City's infrastructure systems are effectively preserved, funded, and operated. This division preserves and operates municipal infrastructure involving roadways, traffic, water, drainage, waste water and solid waste to meet regulatory requirements and community needs.

c. Community Planning and Development

Community Planning and Development provides a long term comprehensive approach to planning, engineering and development processes to ensure the efficient use of land and community infrastructure. The division encompasses land use, neighbourhood, transportation and infrastructure planning, long range capital planning, development review, building permits and inspection, real estate services, community, recreation and cultural programs and services.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SEGMENTED INFORMATION (CONTINUED)

d. Regina Police Services

Regina Police Services is responsible for the delivery of policing services within the municipality and is dedicated to a safe and caring community.

e. Corporate Services

Corporate Services provides services and support to both internal and external customers, enabling City Operations to maximize effectiveness and potential. Corporate Services includes Financial Services, Information Technology Services, Human Resources, Fleet Services, and Facilities Management Services.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Operations by Segment (Schedule 2).

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

22. RESTRUCTURING

The City entered into a continuation of business agreement with the Province of Saskatchewan on January 1, 2014 and became the sole owner of the Class A voting membership of REAL for $1. The City accounted for this as a restructuring transaction whereby the individual assets and liabilities were recognized at their carrying amount on January 1, 2014. As REAL's financial statements are prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, adjustments were required to conform to PSAS of which the main adjustment related to the accounting for deferred grants and contributions. Furthermore, the City booked an eliminating entry for the unamortized portion of deferred contributions it previously provided to REAL that were recorded as revenue as a result of consolidation.

An eliminating entry of $17,333 was applied to the City's accumulated surplus, beginning of year to eliminate the portion of REAL's deferred grants and other contributions that were previously contributed by the City.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. RESTRUCTURING (continued)

The following table summarizes the restructuring revenue:

	January 1, 2014
Increase in net assets from REAL restructuring prior to adjustments	5,382
Recognition of REAL's deferral grants and other contributions under PSAS	48,704
	54,086

As of January 1, 2014 the carrying value of assets of REAL were transferred to the City as follows:

	January 1, 2014
Financial assets	
Cash	3,043
Accounts receivable	1,854
Inventories	407
	5,304
Financial liabilities	
Accounts payable	4,606
Deferred revenue and deposits	1,683
Long-term debt	519
Deferred grants and other contributions	66,036
	72,844
Net financial debt	67,540
Non-financial assets	
Tangible capital assets	72,874
Supplies and prepaid expenses	48
	72,922
Net assets	5,382

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CONSOLIDATED STATEMENT OF OPERATIONS BY FUND AND ORGANIZATION **Schedule 1**

	General Operating	Utility Operating	General Capital	Utility Capital	Total City of Regina
REVENUES					
Taxation	197,141	-	-	-	197,141
Fees and charges	62,248	106,153	59	-	168,460
Government transfers	49,429	733	36,943	-	87,105
Electrical distribution	23,124	-	-	-	23,124
Licenses, fines and levies	12,937	-	457	-	13,394
Gas distribution	7,587	-	-	-	7,587
Interest and penalties	1,436	193	-	-	1,629
Interest on portfolio investments	14,224	800	-	-	15,024
Realized gains (loss) on portfolio investments	3,488	-	-	-	3,488
Service agreement fees	1,186	-	1,697	8,096	10,979
Land sales	7,735	-	-	-	7,735
Other	15,227	121	1,513	1,094	17,955
Contribution of tangible capital assets	-	-	27,847	9,898	37,745
Restructuring	-	-	-	-	-
	395,762	108,000	68,516	19,088	591,366
EXPENSES					
Parks, recreation and community services	38,498	-	3,229	-	41,727
Police	98,894	-	1,010	-	99,904
Legislative and administrative services	53,584	-	4,678	-	58,262
Water, wastewater and drainage	(60)	56,718	-	7,417	64,075
Roads and traffic	25,159	-	9,552	-	34,711
Fire	44,657	-	72	-	44,729
Transit	34,075	-	422	-	34,497
Waste collection and disposal	28,931	-	2,022	-	30,953
Grants	5,505	-	-	-	5,505
Planning and development	25,192	-	-	-	25,192
Amortization	-	-	43,954	14,594	58,548
	354,435	56,718	64,939	22,011	498,103
Annual surplus (deficit)	41,327	51,282	3,577	(2,923)	93,263

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CONSOLIDATED STATEMENT OF OPERATIONS BY FUND AND ORGANIZATION **Schedule 1**

RDBID	RROC	BPWAB	RPL	RWBID	REAL	Consolidation adjustments	**Consolidated 2014**
948	-	-	18,888	233	-	(499)	**216,711**
-	684	6,711	677	-	23,920	(7,270)	**193,182**
-	1,123	-	1,016	-	1,090	(1,650)	**88,684**
-	-	-	-	-	-	-	**23,124**
-	-	-	-	-	-	-	**13,394**
-	-	-	-	-	-	-	**7,587**
-	-	32	-	-	-	-	**1,661**
-	-	-	-	-	-	-	**15,024**
-	-	-	-	-	-	-	**3,488**
-	-	-	-	-	-	-	**10,979**
-	-	-	-	-	-	-	**7,735**
84	-	3	-	4	2,600	(13,527)	**7,119**
-	-	-	-	-	-	-	**37,745**
-	-	-	-	-	54,086	-	**54,086**
1,032	1,807	6,746	20,581	237	81,696	(22,946)	**680,519**
794	1,854	-	16,969	147	25,146	(2,163)	**84,474**
-	-	-	-	-	-	-	**99,904**
-	-	-	-	-	-	(163)	**58,099**
-	-	6,008	-	-	-	(18,971)	**51,112**
-	-	-	-	-	-	-	**34,711**
-	-	-	-	-	-	-	**44,729**
-	-	-	-	-	-	-	**34,497**
-	-	-	-	-	-	-	**30,953**
-	-	-	-	-	-	(1,649)	**3,856**
-	-	-	-	-	-	-	**25,192**
47	21	1,279	2,296	10	4,115	-	**66,316**
841	1,875	7,287	19,265	157	29,261	(22,946)	**533,843**
191	(68)	(541)	1,316	80	52,435	-	**146,676**

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CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT **Schedule 2**

	City Services	Transportation & Utilities	Planning & Development	Regina Police Service	Corporate Services	Total City of Regina
REVENUES						
Taxation	-	-	184,379	-	12,762	197,141
Fees and charges	28,057	24,166	6,344	664	109,229	168,460
Government transfers	1,332	10,070	894	7,157	67,652	87,105
Electrical distribution	-	-	-	-	23,124	23,124
Licenses, fines and levies	4,300	457	4,725	-	3,912	13,394
Gas distribution	-	-	-	-	7,587	7,587
Interest and penalties	-	-	1,437	-	192	1,629
Interest on portfolio investments	112	-	-	-	14,912	15,024
Realized gains on portfolio investments	-	-	-	-	3,488	3,488
Service agreement fees	846	-	1,344	-	8,789	10,979
Land sales	-	-	7,735	-	-	7,735
Other	476	1,269	183	1,354	14,673	17,955
Contribution of tangible capital assets	1,399	29,617	-	-	6,729	37,745
Restructuring	-	-	-	-	-	-
	36,522	65,579	207,041	9,175	273,049	591,366
EXPENSES						
Wages and benefits	74,216	38,666	15,276	89,319	35,659	253,136
Materials, supplies, and other goods	24,569	41,534	2,108	3,935	16,300	88,446
Contracted and general services	9,048	8,492	19,209	6,247	23,605	66,601
Utilities	168	11,902	12	366	4,159	16,607
Transfer payments/grants	102	12	4,610	40	1,605	6,369
Interest	-	-	-	-	8,395	8,395
Amortization	9,338	37,731	-	1,834	9,645	58,548
	117,441	138,337	41,215	101,741	99,368	498,102
Annual surplus (deficit)	(80,919)	(72,758)	165,826	(92,566)	173,681	93,264

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CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT **Schedule 2**

RDBID	RROC	BPWAB	RPL	RWBID	REAL	Consolidation adjustments	**Consolidated 2014**
948	-	-	18,888	233	-	(499)	**216,711**
-	684	6,711	677	-	23,920	(7,270)	**193,182**
-	1,123	-	1,016	-	1,090	(1,650)	**88,684**
-	-	-	-	-	-	-	**23,124**
-	-	-	-	-	-	-	**13,394**
-	-	-	-	-	-	-	**7,587**
-	-	32	-	-	-	-	**1,661**
-	-	-	-	-	-	-	**15,024**
-	-	-	-	-	-	-	**3,488**
-	-	-	-	-	-	-	**10,979**
-	-	-	-	-	-	-	**7,735**
84	-	3	-	4	2,600	(13,527)	**7,119**
-	-	-	-	-	-	-	**37,745**
-	-	-	-	-	54,086	-	**54,086**
1,032	1,807	6,746	20,581	237	81,696	(22,946)	**680,519**
357	1,108	2,297	11,650	10	14,323	-	**282,881**
103	60	1,419	5,319	-	4,678	(15,231)	**84,794**
334	686	1,029	-	137	4,118	(1,548)	**71,357**
-	-	1,263	-	-	2,028	(4,518)	**15,380**
-	-	-	-	-	-	(1,649)	**4,720**
-	-	-	-	-	-	-	**8,395**
47	21	1,279	2,296	10	4,115	-	**66,316**
841	1,875	7,287	19,265	157	29,262	(22,946)	**533,843**
191	(68)	(541)	1,316	80	52,434	-	**146,676**

Consolidated Financial Statements

(in thousands of dollars)

December 31, 2014

CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT **Schedule 2**

	City Services	Transportation & Utilities	Planning and Development	Regina Police Services	Corporate Services	Total City of Regina
REVENUES						
Taxation	-	-	169,683	-	-	169,683
Fees and charges	24,955	18,408	7,448	800	104,988	156,599
Government transfers	2,078	10,570	2,478	6,812	51,372	73,310
Electrical distribution	-	-	-	-	32,843	32,843
Licenses, fines and levies	3,047	678	3,784	-	4,305	11,814
Gas distribution	-	-	-	-	6,739	6,739
Interest and penalties	-	-	1,211	-	167	1,378
Interest on portfolio investments	96	-	-	-	9,569	9,665
Realized gains on portfolio investments	-	-	-	-	(1)	(1)
Service agreement fees	131	3,094	8,736	-	13,413	25,374
Land sales	-	-	18,128	-	-	18,128
Other	522	8,013	196	1,531	14,626	24,888
Contribution of tangible capital assets	2,649	38,568	-	-	5,763	46,980
	33,478	79,331	211,664	9,143	243,784	577,400
EXPENSES						
Wages and benefits	70,683	34,372	13,724	61,252	32,844	212,875
Material, supplies and other goods	26,568	26,954	1,450	2,681	17,553	75,206
Contracted and general services	8,534	2,544	20,970	4,656	15,361	52,065
Utilities	149	14,783	4	432	4,140	19,508
Transfer payments/grants	79	-	4,238	39	2,052	6,408
Interest	-	-	-	-	3,498	3,498
Amortization	8,716	35,042	-	2,081	9,366	55,205
	114,729	113,695	40,386	71,141	84,814	424,765
Annual surplus (deficit)	(81,251)	(34,364)	171,278	(61,998)	158,970	152,635

Consolidated Financial Statements

(in thousands of dollars)

December 31, 2014

CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT **Schedule 2**

RDBID	RROC	BPWAB	RPL	RWBID	Consolidation adjustments	**Consolidated 2013**
776	-	-	17,818	243	(463)	**188,057**
58	757	6,713	1,076	12	(6,737)	**158,478**
-	1,023	-	925	-	(923)	**74,335**
-	-	-	-	-	-	**32,843**
-	-	-	-	-	-	**11,814**
-	-	-	-	-	-	**6,739**
-	-	28	-	-	-	**1,406**
-	-	-	-	-	-	**9,665**
-	-	-	-	-	-	**(1)**
-	-	-	-	-	-	**25,374**
-	-	-	-	-	-	**18,128**
32	-	5	-	-	(12,113)	**12,812**
-	-	-	-	-	-	**46,980**
866	1,780	6,746	19,819	255	(20,236)	**586,630**
374	1,211	2,190	10,948	5	(972)	**226,631**
372	872	2,465	5,367	11	(13,426)	**70,867**
-	-	-	-	-	-	**52,065**
-	-	1,364	-	153	(4,915)	**16,110**
-	-	-	-	-	(923)	**5,485**
-	-	-	69	-	-	**3,567**
42	80	1,270	2,146	11	-	**58,754**
788	2,163	7,289	18,530	180	(20,236)	**433,479**
78	(383)	(543)	1,289	75	-	**153,151**

Consolidated Financial Statements

(in thousands of dollars)

December 31, 2014

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS **Schedule 3**

	General				
	Land	**Land improvements**	**Buildings and building improvements**	**Vehicles and equipment**	**Office and information technology**
Cost					
Balance, beginning of year	92,948	119,555	116,308	233,028	21,658
Add:					
Additions during the year	6,728	7,806	71,939	31,082	3,010
Transfers from assets under construction	-	129	5,362	801	881
Less:					
Disposals during the year	367	356	271	22,079	3,321
Balance, end of year	99,309	127,134	193,338	242,832	22,228
Accumulated amortization					
Balance, beginning of year	-	68,229	59,474	111,129	13,180
Add:					
Amortization	-	2,891	5,994	17,779	4,063
Less:					
Accumulated amortization on disposals	-	356	179	19,043	3,295
Balance, end of year	-	70,764	65,289	109,865	13,948
Net Book Value	99,309	56,370	128,049	132,967	8,280

Consolidated Financial Statements

(in thousands of dollars)

December 31, 2014

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS **Schedule 3**

		Infrastructure				
Plants and facilities	Roads	Underground and other networks	Bridges and other structures	Assets under construction	2014	2013
270,999	650,650	576,529	26,363	81,408	2,189,446	2,033,440
3,503	43,117	25,660	158	104,317	297,320	178,499
34,134	-	20,856	-	(14)	62,149	10,820
4	9,953	-	65	62,164	98,580	33,313
308,632	683,814	623,045	26,456	123,547	2,450,335	2,189,446
103,467	330,765	168,308	10,813	-	865,365	825,868
6,736	20,449	7,960	444	-	66,316	58,754
2	7,794	-	65	-	30,734	19,257
110,201	343,420	176,268	11,192	-	900,947	865,365
198,431	340,394	446,777	15,264	123,547	1,549,388	1,324,081

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INDEPENDENT AUDITOR'S REPORT

To His Worship the Mayor and Members of City Council

We have audited the accompanying financial statements of the General Trust, which comprise the statement of financial position as at December 31, 2014, and the statement of revenue, expenditures and change in fund balance for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of General Trust Fund of the City of Regina as at December 31, 2014, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Professional Accountants

June 22, 2015
Regina, Saskatchewan

General Trust Fund

(in thousands of dollars)

December 31, 2014

STATEMENT OF FINANCIAL POSITION

	Perpetual Care Trust	Williamson Driver Award	Total 2014	Total 2013
ASSETS				
Cash	85	-	**85**	83
Long-term investments (Note 4)	2,537	5	**2,542**	2,632
Total Assets	2,622	5	**2,627**	2,715
LIABILITIES AND FUND BALANCES				
Due to the City of Regina	-	-	-	96
Fund balance	2,622	5	**2,627**	2,619
Total Liabilities and Fund Balances	2,622	5	**2,627**	2,715

See accompanying notes.

General Trust Fund

(in thousands of dollars)

December 31, 2014

STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE

	Perpetual Care Trust	Williamson Driver Award	Total 2014	Total 2013
REVENUE				
Contributions	8	-	**8**	7
Investment income	112	-	**112**	95
Total Revenue	120	-	**120**	102
EXPENDITURES				
Cemetery maintenance	112	-	**112**	95
Total Expenditures	112	-	**112**	95
Excess of revenue over expenditures	8	-	**8**	7
Fund balance, beginning of year	2,614	5	**2,619**	2,612
Fund balance, end of year	2,622	5	**2,627**	2,619

See accompanying notes.

General Trust Fund

(in thousands of dollars)

December 31, 2014

NOTES TO FINANCIAL STATEMENTS

1. PURPOSE OF FUND

The General Trust Fund comprises the assets, liabilities, revenues and expenses of the following two trusts administered by the City of Regina (the City):

(a) Perpetual Care Trust - In accordance with *The Cemeteries Act, 1999*, a portion of the monies received by the City from the sale of cemetery plot rights is put into a trust and invested. The income from the trust is used to pay for care and maintenance of the plots. Special approval is needed from the Registrar of Cemeteries before trust capital can be used to fund care and maintenance.

(b) Williamson Driver Award - When a bond was bequeathed to the City of Regina with trust conditions attached, a trust was established under *The Trust Act*. Each year the income from the bond is used to provide a safe-driving award to a Regina Transit employee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards, as recommended by the Chartered Professional Accountants of Canada (CPA Canada). The following policies are considered to be significant.

(a) The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(b) Investments are recorded at cost less writedowns to reflect other than temporary declines in values. Any gains or losses are recognized on disposition of the investments.

(c) Investment revenue is recorded on the accrual basis.

General Trust Fund

(in thousands of dollars)

December 31, 2014

NOTES TO FINANCIAL STATEMENTS

3. FINANCIAL INSTRUMENTS

The carrying value of the amount due to the City of Regina approximates fair value due to its short-term nature.

Long-term investments are primarily exposed to foreign currency, interest rate, and market risk.

Interest rate risk refers to the adverse consequences of interest rate changes on the General Trust Fund's cash flows, financial position and excess of revenues over expenditures. This risk arises from differences in the timing and amount of cash flows related to the General Trust Fund's assets and liabilities.

Foreign currency risk arises from holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or negative effect on the fair value of investments held in the pooled bond fund.

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market.

4. LONG-TERM INVESTMENTS

The long-term investments consist of a pooled bond fund. A pooled bond fund is a group of individual bonds managed by an investment manager. The market value of the pooled bond fund units is based on the market price per unit which is determined by the overall market values of each of the bonds in the fund.

	2014	2013
Investment cost	**2,542**	2,632
Market value	**2,631**	2,614

5. STATEMENT OF CASH FLOWS AND CHANGE IN NET FINANCIAL ASSETS

The statement of cash flows and the statement of change in net financial assets have not been prepared for the year ended December 31, 2014, as they would not provide additional information.

Service Partners

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Contact: Mr. John Lee

Regina Downtown

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Buffalo Pound Water Administration Board

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PO Box 1790
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Phone: 306-694-1377
Contact: Mr. Ryan Johnson

Regina's Warehouse Business

Improvement District
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Phone: 306-585-3948
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Phone: 306-777-6060
Contact: Ms. Gail Krugeron

Regina Exhibition Association Limited

Operating Evraz Place
PO Box 167
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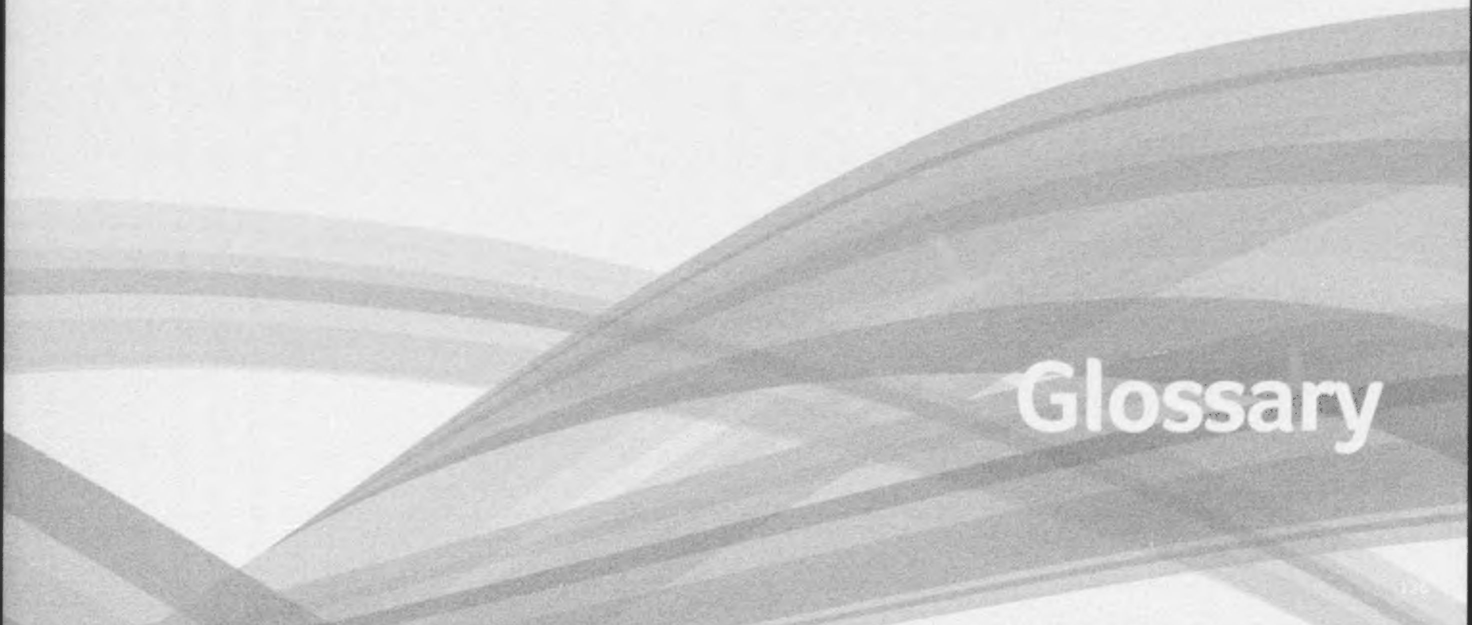
Phone: 306-781-9200
Contact: Mr. Dean Churchill

Glossary



Glossary

Accrued Benefit Obligation: the present value of the expected payouts for benefits which employees have earned at year end. This amount is calculated by the City's actuaries every three years, and updated based on actual data between valuations.

Accrued Benefit Liability: the amount recorded in the Statement of Financial Position representing the present value of the expected payouts for benefits which employees have earned at year end, after allowing for the required smoothing of actuarial gains and losses. PSAB requires amortization of each actuarial gain or loss over the Expected Average Remaining Service Life of the employee group, at the time of the actuarial valuation. This net liability may be lower than the gross liability when actuarial losses exceed gains, or larger than the gross liability when gains exceed losses.

Accrual Accounting: the accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay. This is also known as the full accrual basis of accounting. Prior to 2009, municipal governments did not capitalize tangible capital assets and recorded them as expenditures. This was the only exception to the accrual basis of accounting and therefore municipal accounting was previously referred to as the modified accrual basis of accounting.

Accumulated amortization: the sum of all amortization expensed on a given asset or asset class to-date.

Accumulated surplus: the difference between the City's financial and non-financial assets and its liabilities. The accumulated surplus represents the net financial and physical assets / resources available to provide future services. It is the sum of amounts invested in: tangible capital assets; the operating, capital, reserve and reserve funds; net of amounts to be recovered from future revenues.

Amortization expense: annual charge to expense to represent allocation of an asset's cost over its useful life.

Amounts to be recovered: the sum of items that have not been included in previous budgets and that will be recovered from future rates or taxes. Amounts to be recovered consist of outstanding debt, unfunded future employment costs, unfunded landfill post-closure costs, as well as unfunded environmental, property and liability claims.

Benchmarking: the measurement of the quality of an organization's policies, programs, services, etc., and their comparison with similar measurements of its peers. The objectives of benchmarking are (1) to determine what and where improvements are called for, (2) to analyze how other organizations achieve their high performance levels, and (3) to use this information to improve performance.

Brownfield development: undeveloped or previously developed properties that may be contaminated. These are usually, but not exclusively, former industrial or commercial properties that may be underutilized, derelict or vacant.

Budget – operating/utility: an outline of the government's operating/utility revenue and expense plan for the upcoming year. The Operating/Utility Budget is formally presented early each year, and is subject to public consultation and debate prior to approval. The Operating/Utility Budget sets out the amount of taxes to be collected for the year, fees to be charged and authorized expenses.

Budget - capital: an outline of the government's capital revenue and expense plans for the upcoming year. It is the process of allocating resources for major capital projects, investment, and expenditures.

Business Improvement District (BID): A Business Improvement District is an association of commercial property owners and tenants within a defined district, who work in partnership with the City to create thriving, competitive, and safe business areas that attract shoppers, diners, tourists, and new businesses.

CICA: the Canadian Institute of Chartered Accountants. The CICA conducts research into current business issues and supports the setting of accounting, auditing and assurance standards for business, not-for-profit organizations and government.

Consolidated statements: financial statements which include all of the entities controlled by the City.

Consolidation: inclusion of all entities controlled by the City, except for those which qualify as government business enterprises, on a line-by-line basis in the City's financial statements.

Contingent Liabilities: possible obligations that may result in the future sacrifice of economic benefits arising from existing conditions or situations involving uncertainty. The uncertainty will ultimately be resolved when one or more future events not wholly within the government's control occur or fail to occur. Resolution of the uncertainty will confirm the incurrence or non-incurrence of a liability.

Contra-account: an account in the financial records that offsets or reduces the balance of a related account. For example, Accumulated Amortization of an asset class is contra to the Tangible Capital Asset account for that same class.

Contractual Obligations: obligations of a government to others that will become liabilities when the terms of a contract or agreement are met.

Dashboard: a reporting tool that visually displays an organization's performance status on a collection of performance indicators. It provides decision makers with easily accessible information to inform decisions about service delivery and the performance of parts or the whole of an organization.

Debenture: a debt instrument where the issuer promises to pay interest and repay the principal by the maturity date. It is unsecured, meaning there is no lien on any specific asset.

Debt: a financial obligation to another entity from borrowing money.

Deferred revenue: amounts received regarding obligatory reserve funds or funds with other internal or external restrictions, which have remained unspent at year end. These amounts are shown with liabilities and are recognized in revenue when the revenues are earned, which may include spending the monies for their intended purpose.

Deficit: the amount, if any, by which government expenses exceed revenues in any given year. Unlike the senior levels of government, municipalities cannot budget to run a deficit.

Fair Value: the price that would be agreed upon in an arm's length transaction and in an open market between knowledgeable, willing parties who are under no compulsion to act. It is not the effect of a forced or liquidation sale.

Financial Assets: assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets include cash; an asset that is convertible to cash; a contractual right to receive cash or another financial asset from another party; a temporary or portfolio investment; and a financial claim on an outside organization or individual.

Fiscal Year: the City of Regina's fiscal year runs from January 1 to December 31.

GAAP: generally accepted accounting principles, as laid out in the relevant Handbook – the Public Sector Accounting Handbook for government organizations and the CICA Handbook or IFRS for Government Business Enterprises.

GAAS: generally accepted auditing standards. Standards established by Canadian Institute of Chartered Accountants (CICA) for use by public accountants when conducting external audits of the financial statements.

Government Business Enterprise (GBE): an organization that has all of the following characteristics: (1) it is a separate legal entity with the power to contract in its own name and that can sue and be sued; (2) it has been delegated the financial and operational authority to carry on a business; (3) it sells goods and services to individuals and organizations outside of the government reporting entity as its principal activity; and (4) it can, in the normal course of its operations, maintain its operations and meet its liabilities from revenues received from sources outside of the government reporting entity.

Greenfield development: New developments that occur on lands located at the city's periphery that has not previously been developed. New servicing such as roads, water and sewer are all requirements for greenfield development.

GST: Goods Sales Tax levied on goods and services by the federal government.

Indemnity: an agreement whereby one party agrees to compensate another party for any loss suffered by that party. The City can either seek or provide indemnification.

Infrastructure: the facilities, systems and equipment required to provide public services and support private sector economic activity including network infrastructure (e.g., roads, bridges, water and wastewater systems, large information technology systems), buildings (e.g., hospitals, schools, courts), and machinery and equipment (e.g., medical equipment, research equipment).

International Financial Reporting Standards (IFRS): Government Business Enterprises must follow IFRS for fiscal years beginning on or after January 1, 2011. Other government organizations may also choose to follow IFRS. IFRS reporting is also mandatory for publicly accountable (non-government) enterprises beginning in 2011. IFRSs are now available in part I of the CICA Handbook.

Key Performance Indicators (KPI): a set of quantifiable measures that an organization uses to gauge or compare performance in terms of meeting their strategic and operational goals.

Liabilities: are present obligations of a government to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits. These liabilities have three essential characteristics: (1) they embody a duty or responsibility to others, leaving a government little or no discretion to avoid settlement of the obligation; (2) the duty or responsibility to others entails settlement by future transfer or use of assets, provision of goods or services, or other form of economic settlement at a specified or determinable date, on occurrence of a specified event, or on demand; and (3) the transactions or events obligating the government have already occurred.

LTD: Long Term Disability.

Multi-employer Pension Plan: is a defined benefit pension plan to which two or more governments or government organizations contribute, usually pursuant to legislation or one or more collective bargaining agreements. The main distinguishing characteristic of a multi-employer plan is that the contributions by one participating entity are not segregated in a separate account or restricted to provide benefits only to employees of the entity and, thus may be used to provide benefits to employees of all participating entities.

Net Book Value of Tangible Capital Assets: historical cost of tangible capital assets less both the accumulated amortization and the amount of any write-downs.

Net Debt: the difference between the City's total liabilities and financial assets. It represents the City's future revenue requirements to pay for past transactions and events.

Non-Financial Assets: assets that normally do not generate cash capable of being used to repay existing debts. For the Province, it comprises tangible capital assets and net assets of broader public sector organizations.

Prepaid Expenses: Prepaid expenses are non-financial assets which result when payments are made in advance of the receipt of goods or services. Prepaid expenses may arise from payments for insurance premiums, leases, professional dues, memberships and subscriptions.

PSAB: the Public Sector Accounting Board (PSAB) of the CICA sets standards and provides guidance for financial and other performance information reported by the public sector.

Present Value: the current worth of one or more future cash payments, determined by discounting the payments using a given rate of interest.

Realized Gains and Losses: gains/losses resulting from selling assets at a price higher/lower than the original purchase price.

Recognition: the process of including an item in the financial statements of an entity.

Reserves and reserve funds: fiscal and accounting entity segregated by Municipal Council for the purpose of carrying on specific activities or attaining certain objectives in accordance with internally or externally established restrictions or limitations.

RRI: The Regina Revitalization Initiative is the largest revitalization project in City of Regina's history begins with the construction of a new stadium at Evraz Place.

Service Agreement Fee: amounts collected from developers through Servicing Agreements entered into by the City and the Developer in respect of the development Area, which must be spent in a prescribed manner.

Standard & Poor's - S & P: The world's leading index provider and the foremost source of independent credit ratings. Standard & Poor's has been providing financial market intelligence to decision-makers for more than 150 years.

Straight-Line Basis of Amortization: a method whereby the annual amortization expense is computed by dividing (1) the historical cost of the asset less the residual value by (2) the number of years the asset is expected to be used.

Surplus: the amount by which revenues exceed expenses in any given year.

Tangible Capital Assets: physical assets including land, buildings, transportation and transit infrastructure, water & wastewater infrastructure, vehicles and equipment. These assets are recorded in the City's consolidate financial statements for the first time in 2009.

The Cities Act 2002: the Statutes of Saskatchewan that outlines the broad permissive powers of the City of Regina to pass bylaws that range from public safety, to the City's economic, social and environmental wellbeing.

Total Debt: City's total borrowings outstanding.

Transfer Payments: grants or transfers of monies to individuals, organizations or other levels of government for which the government making the transfer does not receive any goods or services directly in return, as would occur in a purchase or sale transaction; expect to be repaid, as would be expected in a loan; or expect a financial return, as would be expected in an investment.

Unrealized Gain or Loss: an increase or decrease in the fair value of an asset accruing to the holder. Once the asset is disposed of or written off, the gain or loss is realized.

WCB: Workers' Compensation Board, Saskatchewan.

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